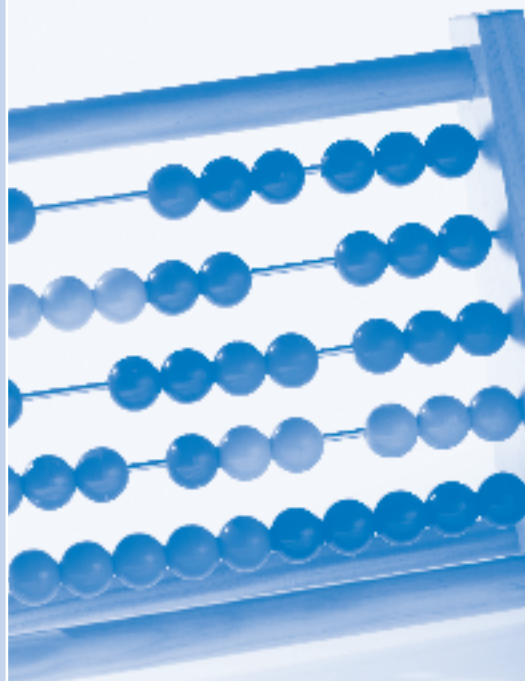


BWT Aktiengesellschaft
**CONSOLIDATED
FINANCIAL
STATEMENTS**

pursuant to
International Financial
Reporting Standards,
as applicable in the EU

2008



I. Consolidated profit and loss account for the financial year 2008

P & L

	Note	2008 € 1000's	2007 *) adjusted € 1000's
Revenues	(1)	410,217.2	397,494.0
Other operating income	(2)	6,633.1	6,600.1
Changes in inventories of finished goods and work in progress		-158.5	1,580.3
Own work capitalized	(2)	788.7	1,008.4
Raw materials and services used	(10)	-171,840.7	-170,333.7
Employee benefits costs	(3)	-126,845.3	-118,708.4
Depreciation and amortisation	(4)	-10,986.5	-9,007.4
Other operating expenses	(5)	-78,603.0	-72,364.2
Operating results		29,205.1	36,269.1
Financial income	(6)	2,074.2	2,788.6
Financial costs	(6)	-4,324.6	-3,801.0
Profit or loss before tax		26,954.6	35,256.7
Tax expenses	(7,15)	-6,329.4	-9,006.2
Net profit		20,625.3	26,250.5
thereof:			
For shareholders of the parent company		20,627.4	26,425.0
Minority shares	(16)	-2.1	-174.5
Earnings per share (in €) basic = diluted	(27)	1.16	1.48
Amount of shares issued		17,745,489	17,833,500

*) Please read section Accounting and Valuation Principles on page 69

II. Consolidated balance sheet as at December 31, 2008

ASSETS	Note	As at 31/12/2008 € 1000's	As at 31/12/2007 *) adjusted € 1000's
Goodwill	(8)	28,839.5	28,315.8
Other intangible assets	(8)	16,247.7	16,533.8
Tangible fixed-assets	(8)	64,245.5	59,103.8
Investments	(9)	6,915.4	7,257.8
Trade receivables	(11)	73.0	360.5
Other receivables	(13)	620.0	370.4
Deferred tax assets	(15)	4,118.3	4,279.4
Long-term assets		121,059.4	116,221.5
Inventory	(10)	61,564.7	60,243.9
Trade receivables	(11)	68,795.1	77,042.1
Receivables from construction contracts	(11,12)	9,341.6	9,072.2
Income tax returns	(11)	1,239.2	2,649.9
Other receivables	(11,13)	6,699.7	5,945.6
Liquid assets	(14)	13,484.4	15,372.6
Current assets		161,124.6	170,326.3
BALANCE SHEET TOTAL		282,184.0	286,547.8

*) Please read section Accounting and Valuation Principles on page 69

EQUITY and LIABILITIES	Note	As at	As at
		31/12/2008	31/12/2007 *)
		€ 1000's	adjusted € 1000's
Share capital		17,833.5	17,833.5
Capital reserves		17,095.8	17,095.8
Retained profit			
Accumulated profit/loss		108,988.1	95,124.1
Transactions booked directly in equity		-856.9	-767.7
Treasury shares		-5,292.6	
		137,767.9	129,285.7
Minority interest	(16)	383.8	347.4
Equity	(16)	138,151.7	129,633.1
Provisions for social overhead capital	(17)	22,533.5	24,006.9
Deferred tax liabilities	(15)	5,351.8	4,929.2
Other provisions	(18)	1,552.4	1,514.8
Bonds	(19, 20)	0.0	17,000.0
Interest-bearing financial liabilities	(20, 24)	4,437.9	10,275.7
Other liabilities	(20)	1,001.7	997.7
Long-term liabilities		34,877.3	58,724.3
Current income tax liabilities		2,224.4	3,443.5
Other provisions	(18)	10,711.7	12,160.3
Bonds	(19, 20)	17,000.0	0.0
Interest-bearing financial liabilities	(20, 24)	17,981.8	14,548.4
Trade liabilities	(20)	30,721.6	35,765.6
Other liabilities	(20)	30,515.5	32,272.6
Short-term liabilities		109,155.0	98,190.4
BALANCE SHEET TOTAL		282,184.0	286,547.8

*) Please read section Accounting and Valuation Principles on page 69

III. Consolidated cash flow statement for the financial year 2008

	Note	2008 € 1000's	2007 *) adjusted € 1000's
+ Profit before tax		26,954.7	35,256.7
- Profit (+loss) on disposal of tangible fixed assets		-209.6	-172.2
+ Depreciation of tangible fixed assets		7,084.5	6,216.7
+ Depreciation of intangible assets		3,902.0	2,790.7
- Increased (+decreased) inventory		-957.8	-7,265.7
- Increased (+decreased) receivables		9,149.2	-9,705.0
+ Increased (-decreased) trade liabilities and other liabilities		-10,744.2	4,393.6
+ Increased (-decreased) provisions		-1,183.1	-1,321.5
- Income tax paid		-5,856.1	-7,692.8
CASH-FLOW on operating activity	(22)	28,139.6	22,500.5
- Payments for tangible fixed assets and intangible assets		-16,635.3	-13,916.5
- Payments for financial investments		-274.1	-1,143.7
+ Proceeds from disposal of tangible fixed assets and intangible assets		1,281.1	464.2
+ Proceeds from disposal of financial investments		1,058.3	736.8
- Payments for acquisition of minority shares and subsidiaries		-2,954.9	-1,487.4
CASH-FLOW on investment activity	(23)	-17,524.9	-15,346.6
- Dividends paid out		-6,761.8	-6,241.7
- Payments to minority shareholders		-42.3	-832.5
- Share buy-back		-5,292.6	0.0
+/- Changes in notes payable		1,934.1	-136.5
+ Increase of long-term financial liabilities		234.9	4,380.2
- Repayment of long-term financial liabilities		-8,038.6	-1,101.2
+/- Changes in short-term financial liabilities		5,520.3	-2,092.4
CASH-FLOW on financing activity		-12,446.0	-6,024.1
+/- Cash-Flow on operating activity		28,139.6	22,500.5
+/- Cash-Flow on investment activity		-17,524.9	-15,346.6
+/- Cash-Flow on financing activity		-12,446.0	-6,024.1
Change in cash and cash equivalents		-1,831.3	1,129.8
+ Cash and cash equivalents at period beginning		15,372.6	14,223.4
+/- Changes of exchange rates		-56.9	19.4
Cash and cash equivalents at period end		13,484.4	15,372.6
Total cash and cash equivalents	(14)		
Cash-in-hand		140.6	179.2
Bank credit, cheques		13,343.8	15,193.4
		13,484.4	15,372.6
Other data		2008	2007
		€ 1000's	€ 1000's
Interest received		591.6	754.8
Interest paid		2,799.5	2,497.5

Interest received and interest paid is included in CASH-FLOW on operating activity.

*) Please read section Accounting and Valuation Principles on page 69

IV. BWT Group: Consolidated changes in equity

	Share capital € 1000's	Capital reserves € 1000's	Retained profit		Treasury shares € 1000's	Total € 1000's	Minority shares € 1000's	Total € 1000's
			accumulated profit/loss € 1000's	transactions attributable directly to equity € 1000's				
As at 31/12/2006	17,833.5	17,095.8	75,596.8	-2,020.7	0.0	108,505.4	698.4	109,203.8
Annual profit/loss	0.0	0.0	26,425.0	0.0	0.0	26,425.0	-174.5	26,250.5
Profit/loss attributable to equity	0.0	0.0	0.0	1,253.0	0.0	1,253.0	5.7	1,258.7
Total profit/loss for the period	0.0	0.0	26,425.0	1,253.0	0.0	27,678.0	-168.8	27,509.2
Dividend distribution	0.0	0.0	-6,241.7	0.0	0.0	-6,241.7	-832.2	-7,073.9
Other changes	0.0	0.0	-656.0	0.0	0.0	-656.0	650.0	-6.0
As at 31/12/2007	17,833.5	17,095.8	95,124.1	-767.7	0.0	129,285.7	347.4	129,633.1
Annual profit/loss	0.0	0.0	20,627.4	0.0	0.0	20,627.4	-2.1	20,625.3
Profit/loss attributable to equity	0.0	0.0	0.0	1,332.8	0.0	1,332.8	0.0	1,332.8
Total profit/loss for the period	0.0	0.0	20,627.4	1,332.8	0.0	21,960.2	-2.1	21,958.1
Purchase of minority shares	0.0	0.0	0.0	-1,422.0	0.0	-1,422.0	-187.0	-1,609.0
Dividend distribution	0.0	0.0	-6,761.8	0.0	0.0	-6,761.8	-42.3	-6,804.1
Share buy-back 2008	0.0	0.0	0.0	0.0	-5,292.6	-5,292.6	0.0	-5,292.6
Other changes	0.0	0.0	-1.6	0.0	0.0	-1.6	267.8	266.2
As at 31/12/2008	17,833.5	17,095.8	108,988.1	-856.9	-5,292.6	137,767.9	383.8	138,151.7

Total profit and loss in the period

	2008 € 1000's	2007 € 1000's
Actuarial profit/loss	1,204.2	2,324.4
Tax due	-365.1	-1,034.3
Valuation of securities ("available-for-sale", pursuant to IAS 39)	441.5	0.0
Tax due	-110.4	0.0
Currency translation	162.6	-31.4
Revenues and expenses booked directly under equity	1,332.8	1,258.7
Annual profit	20,625.3	26,250.5
Total profit/loss for the period	21,958.1	27,509.2
thereof:		
For shareholders of the parent company	19,882.2	27,678.0
Minority shares	-2.1	-168.8

BWT GROUP
CONSOLIDATED
FINANCIAL STATEMENTS

NOTES

2008



V. Notes 2008

General notes

The consolidated annual financial statements of BWT Aktiengesellschaft (BWT AG) with its domicile in Austria, 5310 Mondsee, Walter-Simmer-Straße 4, was drawn up pursuant to the International Financial Reporting Standards (IFRSs), as applicable in the EU, in responsibility of the Management Board.

Reporting for financial years 2008 and 2007 was prepared in € 1000's (T€, rounded in line with the commercial rounding method). Calculation differences related to rounding may occur for totals of the rounded amounts and percentages due to application of automatic calculation aids.

Consolidated annual financial statements are basically drawn up according to the cost method. This does not apply to derivative instruments and sale of disposable financial assets which were valued at fair value.

Application of new and changed standards

As at January 1st, 2008 the Concern was applying the new and adjusted IFRS Standards and Interpretations listed below:

- IFRIC 11 IFRS 2: Group and treasury share transactions (applicable to financial years commencing on March 1st, 2007 or thereafter), no impact.
- Change to IAS 39 and IFRS 7: Reclassification of financial instruments (applicable from October 15th, 2008), no impact.
- IFRIC 14 IAS 19 – the limit on a defined benefit asset and minimum funding requirements and their interaction (applicable to financial year commencing on January 1st, 2008 or thereafter), impact: T€ 227 less assets

Published standards and interpretations that have not yet been applied

As at the date of issuing these consolidated financial statements, the following interpretations have already been published, apart from the standards and interpretations applied by the Concern, but their application was not yet obligatory:

- IAS 23 (revised) borrowing costs, effective from 2009, no impact expected
- IFRIC 13 customer loyalty programmes, effective from 2009, impact is being evaluated
- IFRS 2 share-based payment, effective from 2009, no impact expected
- IFRS 3 business combinations and amendments in other standards resulting from it, applicable from 2009, impact is being evaluated
- Improvements of IFRSs (2008), effective from 2009, impact is being evaluated
- IAS 1 (revised) presentation of financial statements, effective from 2009, impact on the presentation is being evaluated
- IFRIC 12 service concession agreements, effective from 2009, no impact expected
- IAS 32/IAS 1 IAS 32 financial instruments: presentation and IAS 1 presentation of financial statements – puttable financial instruments and obligations arising on liquidation, effective from 2009, no impact expected
- IFRS 1/IAS 27 changes of IFRS 1 first-time adoption of International Financial Reporting Standards and IAS 27 consolidated and separate financial statements pursuant to IFRS, effective from 2009, no impact expected

The Management Board assumes that the aforementioned standards and interpretations will be applied starting from the consolidated financial statements that are referred to in the respective implementing regulation, and that the application of these standards and interpretations will not have any significant impact on equity and results of the consolidated financial statement in the year of their first-time application.

General notes

BWT – Best Water Technology Group was established in 1990 as a result of Management-Buy-Out and is presently Europe's leading water technology supplier in the so called „residential“ sector. The objective of BWT staff is to provide its customers from private households, businesses and local authorities with innovative technologies, ensuring top level of safety, hygiene and health in their daily contact with water – the elixir of life.

BWT Aktiengesellschaft is globally represented by 53 subsidiaries and it employed 2,389 employees as at 31/12/2008 (2,354 the year before).

Financial accounting of businesses included in the consolidated financial statements follows the uniform financial accounting regulations of BWT Group based on IFRS.

The balance sheet date of the consolidated financial statements is the balance sheet date of the parent company, pursuant to IAS 27. The annual financial statements of businesses included as a result of full consolidation were drawn up as at the date of the consolidated financial statements. With the view to improve the clarity of presentation individual records in the balance sheet and profit and loss statement were summarized. Detailed presentation is available in the notes.

Overview of the material fully consolidated businesses is available in the Attachment V.1. As a result of full consolidation, the consolidated balance sheet as at 31/12/2008 includes 53 (last year: 56) subsidiaries, apart from BWT AG itself. The joint enterprise which was consolidated proportionally last year, will be fully consolidated from 2008 as a result of take over of further shares.

Scope of consolidation in the 2008 reporting year was as follows:

As at 01/01/2008	57
Incorporated for the first time in the reporting year	2
Merged in the reporting year	-3
Closed in the reporting year	-2
As at 31/12/2008	54

Third-party shares in equity of the incorporated businesses were presented as a separate item. Minority shares of other shareholders included in the annual results are presented separately in the consolidated profit and loss statement.

BWT Aktiengesellschaft makes use of the exception rule regarding the description of subsidiaries in the consolidated financial statement, pursuant to § 265 para. 3 of the Commercial Companies Code (UGB).

Capital consolidation is made pursuant to the purchase method by offsetting costs against the pro rata identifiable assets and liabilities relating to the parent company. Asset surpluses have been capitalized as goodwill from 1/1/1995 and were depreciated using a straight-line method until the end of 2004 depending on their economic life. The straight-line depreciation was replaced pursuant to the provisions of IFRS 3 (Business Combinations) in conjunction with IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) with an annual impairment test.

The acquisition of minority shares is entered in the balance sheet pursuant to the so called entity method. According to this method the difference between purchase price and book value of minority shares is allocated to equity.

Intercompany receivables and payables, expenses and revenues, as well as interim results are eliminated.

Fundamentals

Scope of consolidation

Consolidation method

Currency translation in the Group

Currency translation of foreign accounts follows the concept of functional currency. This equals the national currency for all companies, as they run their business in a financially, economically and organizationally independent way.

Apart from equity items, all balance sheet items are translated to the reporting currency using the exchange rates as at 31.12.2008. The items on the profit and loss account related to foreign consolidated businesses are translated using average exchange rates for the period. Differences from currency translation are allocated to equity not affecting net income. In the case of withdrawal of a foreign business from the scope of consolidation, currency differences are booked affecting net income.

Exchange rates of significant currencies, adopted for currency translations, were developing as follows:

Countervalue = 1 €	Period-end exchange rate		Average annual exchange rate	
	31/12/2008	31/12/2007	2008	2007
Swiss Franc	1.49	1.66	1.58	1.65
Polish Zloty	4.15	3.60	3.53	3.78
Hungarian Forint	266.70	253.25	251.05	251.91
Czech Crown	26.88	26.62	25.04	27.79
American Dollar	1.39	1.47	1.47	1.38
Swedish Crown	10.87	9.45	9.68	9.27
Danish Crown	7.45	7.46	7.46	7.45
Norwegian Crown	9.75	7.96	8.29	8.00
Chinese Renminbi	9.50	10.74	10.20	10.44

Accounting and valuation principles

In order to ensure better comparability and to follow common Austrian practice, in 2008, interest costs of social capital amounting to € 1,215,900 were for the first time disclosed under interest costs, and the previous year was adjusted accordingly. This results in reduced labor costs by € 1,215,900 in 2008 and by € 1,111,400 in 2007, as well as increased interest costs amounting to € 1,215,900 in 2008 and € 1,111,400 in 2007. This re-allocation has no impact on the earnings per share.

Also in order to ensure better comparability and to follow the common Austrian practices provisions for unused holiday leaves amounting to € 6,720,000 were restructured in 2008 from other provisions to other liabilities. This results in reduced other short-term provisions by € 6,720,000 and increased other short-term liabilities by € 6,720,000. Also the values for 2007 amounting to € 6,765,000 were similarly shifted from other short-term provisions to other short-term liabilities. This restructuring has no impact on the earnings per share.

Intangible and tangible fixed assets are booked at purchase costs or production costs, less planned straight-line depreciation and loss in value. Production costs comprise direct costs, as well as proportional part of indirect material and labour costs. General overhead costs, as well as interest on borrowed capital are not capitalized.

Assets are depreciated from the moment they are ready to use. Depreciation is carried out according to a straight-line method over the anticipated useful life of a given asset. When establishing the anticipated useful life of tangible fixed assets, account is taken of the expected economic useful life.

For the purpose of appraisal of possible decline in value of tangible fixed assets and intangible fixed assets, impairment tests are carried out taking account of respective indicators (decline of value of goodwill is basically tested on an annual basis). The higher of the two values (attainable value), net selling price or use value, which is calculated as cash equivalent of future cash inflows and outflows, is compared with the existing book value. If it is not possible to carry out the estimations based on separate valuation, it is carried out on the basis of the superior "cash-generating unit (CGU)". If the book value is higher, the attainable amount is impaired. If there are no reasons for impairment, the original values are written up (excluding goodwill) maximum to the level of regularly adjusted purchase or production costs. Maintenance activities are booked under expenses.

A positive difference in value resulting from consolidation of companies is presented as goodwill. Goodwill is tested at the balance sheet date from the point of view of its economic value (use). Decreases of economic value are booked as value impairment. From the first-time application of IFRS 3 in conjunction with IAS 36 and IAS 38 from 2005 annual impairment tests are carried out based on "cash-generating units (CGU's)" in order to establish the value of the existing goodwill.

In the case of self-developed intangible fixed assets the development period is broken down into research and development phase. Costs incurred in the research phase are booked affecting the net income. Expenses incurred in the development phase are capitalized as intangible fixed assets (pursuant to IAS 38), providing that they meet certain assumptions confirming the future usefulness of the planned application, in particular technical feasibility of the developed product or procedure. Valuation of self-developed intangible fixed assets is carried out at production costs, less depreciation and decline in value. Intangible fixed assets in development and intangible fixed assets without definable useful life are to be tested for value impairment once a year.

Intangible and tangible fixed assets

Depreciation of intangible fixed assets and wearable tangible fixed assets is carried out using the straight-line method over the expected economic useful life of a given object. The following useful life periods were adopted for the calculation of depreciation rates, unchanged versus the previous year:

	Useful life in years	
	from	to
Intangible fixed assets		
Software	3	5
Patents, trademark rights	5	10
Tangible fixed assets		
Buildings	20	50
Investments in buildings of third parties	10	20
Machines	3	15
Business equipment	3	10

Leasing and rental properties

Leasing and rental contracts in which all risks and rewards arising from the use of assets are transferred to the Group, are treated as financing leasing. Assets underlying 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 useful life period. The capitalized assets are offset by 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 under any other leasing or rental contracts are treated as operating leasing. Rental payments are booked as expenses.

Financial investments (assets)

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

Part of securities classified as financial assets are deemed to be available for sale. They are valued at purchase cost (fair value) at the 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 as at the balance sheet date.

Other participations, for which market value cannot be determined, are booked at purchase cost less any necessary write-downs.

Estimation and write-off of financial assets takes place on the trade date. Financial assets are tested for impairment on each balance sheet date. The Group writes off financial assets only if the contractual rights to cash flows from a financial asset expire or if it assigns the financial asset and all opportunities and risks fundamentally associated with it to a third party.

Valuation of inventories is carried out using the lower of purchase or production costs or the lower net realisable value. Consumption of primary energy and raw materials and supplies was calculated using the average-cost method. Low stock turnover is taken as an indicator for calculating the net realisable value.

Inventories

Trade receivables and other short-term receivables booked for the first time are valued at their fair value, when they are allocated to "Credits and receivables" category, with purchase costs carried forward, according to the effective interest rate method.

Receivables

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.

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

Pursuant to IAS 11 long-term production orders are settled 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).

Receivables from production orders

Current financial assets are booked under the heading Liquid funds and valued at current value.

Liquid funds

Balance sheet heading „Liquid funds“ covers cash in hand, cash in bank, as well as short-term deposits with original maturity of less than three months. For the purpose of consolidated cash flows account the aforementioned payment instruments constitute a "Composition of liquid funds".

The valuation of pension provisions and provisions for similar obligations, severance payments and anniversary bonuses is made according to IAS 19 using the projected-unit-credit method. In this method, the expected benefits to be paid 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 in the form of an actuarial certificate.

Provisions

Other provisions are set up in the amount of the uncertain obligations, whereby the best possible estimate of the expense necessary for fulfillment is used. Long-term provisions are booked at net present value if the interest rate effect is significant.

Liabilities

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

Assessment is made applying fair value using the effective interest rate method.

Conversion into functional currency

Assets and liabilities expressed in foreign currencies are converted into functional currency at the current exchange rate, non-monetary items are converted at currency buying rate. Write-ups and write-downs resulting from foreign currency valuations are booked affecting net income.

Revenues realization

Trade revenues are realized when all material risks and opportunities arising from the delivered good or service 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, profit from production orders is realized using the percentage-of-completion method, pursuant to IAS 11, on the basis of a reliable estimate of the degree of completion, total costs and total sales.

Dividend revenues are booked at the moment of their inflow and interest revenues are booked on an accrual basis.

Taxes

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

The calculation of tax accruals is carried out using the balance-sheet-liability method for all temporary differences between the values of the balance sheet items in the IFRS consolidated financial statements and their tax values recorded at the individual companies. Furthermore, 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 debt are not included in tax accruals, provided that certain conditions are met.

Tax accrual assets are calculated in the 2008 financial year based on the following tax rates:

Country	Tax rate	Country	Tax rate
Austria	25 %	Switzerland	21 %
Germany	30 %	Hungary	16 %
France	33 %	Ukraine	21 %
Italy	31 %	Czech Republic	21 %
Spain	30 %	Poland	19 %
Denmark	25 %	China	25 %
Sweden	26 %		

Tax rates applicable in the financial year 2007:

Country	Tax rate	Country	Tax rate
Austria	25 %	Switzerland	21 %
Germany	30 %	Hungary	16 %
France	33 %	Czech Republic	21 %
Italy	37 %	Poland	19 %
Spain	33 %	China	25 %
Denmark	28 %		
Sweden	26 %		

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

Earnings per share

For the purposes of compiling consolidated financial statements, some estimates and assumptions have to be made, 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 deviate from these estimates. In particular, it can be difficult to estimate individual value adjustments made for receivables, the useful value in impairment tests (see Note 8) and the deferred tax claims due to deviations from expected events in the future.

Estimates and competent authority discretions

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

Moreover, discretions of competent authorities include classification of financial assets and leasing.

Company divisions are defined in terms of regional responsibilities for operating segment reporting in accordance with the internal reporting structure. IFRS 8 was applied prematurely, similarly as in the year before.

Segment reporting

Notes to the profit and loss account

The profit and loss account is presented in the total expenditure format.

NOTE 1: Sales revenues and segment reporting

Consolidated Group turnover for the BWT Group was € 410.2 million and was 3.2% higher than the previous year's figure of € 397.5 million. This figure includes € 322.9 million (previous year € 318.3 million) from trade in goods and € 87.3 million (previous year € 79.2 million) from trade in services.

The segments are shown by regional responsibilities (operating segmentation), whereby the internal information management system covers the following areas:

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

Turnover with external customers is allocated in accordance with the domicile of the selling company.

Above average growth in 2008 was recorded in such segments as Austria / Germany (+7.0%, partially resulting from acquisition), Scandinavia (+6.4%) and Italy / Spain (+4.6%). Turnover fell in France / Benelux (-0.4%) and Switzerland / Others (-3.7%) segment. Total turnover in Austria, the country of origin, was € 78.8 million (previous year € 76.3 million), whereas investments in intangible fixed assets and tangible fixed assets amounted to € 7.9 million (previous year € 6.5 million).

Settlements between individual segments are basically made according to the arm's length principle. Group products and services are distributed in all segments.

Breakdown by business regions:

2008	Austria/ Germany € 1000's	France/ Benelux € 1000's	Scandinavia € 1000's	Italy/ Spain € 1000's	Switzerland/ Others € 1000's	Elimination € 1000's	Total € 1000's
External sales	172,063.0	96,863.1	45,036.0	34,184.0	62,071.1	–	410,217.2
Internal sales	12,856.5	3,784.9	394.4	84.6	1,352.9	–18,473.4	0.0
Total	184,919.5	100,648.0	45,430.5	34,268.6	63,424.0	–18,473.4	410,217.2
Segment earnings (EBIT)	10,495.9	4,702.2	5,693.3	3,631.4	4,682.3	–	29,205.1
Interest income	1,450.1	32.8	173.1	177.8	78.7	–1,269.7	642.8
Interest expenses	–3,692.1	–1,074.2	–113.5	–238.2	–476.3	1,269.7	–4,324.6
Income from participations							1,431.4
Income tax	–1,606.1	–1,387.6	–1,069.5	–1,244.4	–1,021.8	–	–6,329.4
Minority interests							2.1
Annual results of the parent company shareholders							20,627.4
Earnings per share in €							1.16
Segment assets	147,166.8	58,594.0	23,494.4	24,129.9	57,121.8	–28,323.0	282,184.0
Segment liabilities	93,777.2	38,808.5	10,854.1	10,789.2	18,126.3	–28,323.0	144,032.3
Investments	10,668.0	4,027.3	348.8	126.7	1,464.4	–	16,635.3
Depreciation	–5,325.5	–2,303.6	–359.4	–202.6	–1,566.8	–	–9,758.0
Revaluation write-offs	–560.0	–	–1.8	–	–666.7	–	–1,228.5
2007	Austria/ Germany € 1000's	France/ Benelux € 1000's	Scandinavia € 1000's	Italy/ Spain € 1000's	Switzerland/ Others € 1000's	Elimination € 1000's	Total € 1000's
External sales	160,757.3	97,261.6	42,338.0	32,672.6	64,464.5	–	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
Segment earnings (EBIT)	15,530.3	5,613.2	4,920.7	4,634.6	5,570.4	–	36,269.1
Interest income	1,057.7	45.9	159.2	151.0	80.6	–758.7	735.7
Interest expenses	–2,948.8	–837.1	–95.9	–194.5	–483.5	758.7	–3,801.0
Income from participations							2,052.9
Income tax	–2,797.1	–1,821.8	–1,376.0	–1,867.2	–1,144.1	–	–9,006.2
Minority interests							174.5
Annual results of the parent company shareholders							26,425.0
Earnings per share in €							1.48
Segment assets	143,468.0	61,256.6	23,907.6	23,282.7	56,581.8	–21,948.9	286,547.8
Segment 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	–	13,916.5
Depreciation	–4,348.1	–2,178.5	–562.0	–229.6	–1,355.9	–	–8,674.1
Revaluation write-offs	–	–	–	–	–333.3	–	–333.3

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

Other operating income is as follows:

	2008 € 1000's	2007 € 1000's
Income from disposal of tangible assets	301.3	193.1
Rental/licensing revenues	360.9	417.5
Proceeds from bonus/commission agreements	474.4	509.8
Proceeds from insurance damages	729.6	212.7
Proceeds from further charging of transportation costs	949.8	907.0
Proceeds from further charging of services	1,779.4	1,200.2
Proceeds from write-downs of receivables and write-ups	460.5	2,824.5
Other	1,577.2	335.4
Total	6,633.1	6,600.1

The capitalized labor, overheads and material amounting to T€ 788.7 (previous year: T€ 1,008.4) principally consist of development costs to be capitalized pursuant according to IFRS.

NOTE 3: Personnel expenses

	2008 € 1000's	2007 € 1000's
Wages	15,432.3	13,685.4
Salaries	82,737.5	78,386.6
Expenses for severance payments and pensions	2,639.0	2,103.8
Statutory social security contributions	23,772.9	22,401.9
Other social contributions	2,263.7	2,130.7
Total	126,845.3	118,708.4

Average number of employees developed as follows:

	2008	2007
White collar employees	1,715	1,631
Blue collar workers	630	602
Apprentices	42	36
Total	2,387	2,269

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

The expenses for severance payments include insignificant expenses for the employee welfare fund.

	2008 € 1000's	2007 € 1000's
Scheduled depreciation on tangible and other intangible fixed assets	9,758.0	8,674.1
Unscheduled depreciation	1,228.5	333.3
Total	10,986.5	9,007.4

NOTE 4: Depreciation on intangible and tangible fixed assets

Unscheduled depreciation is related with value adjustment to the trademark law and impairment of goodwill.

	2008 € 1000's	2007 € 1000's
Advertising expenses incl. entertainment costs	11,887.3	12,267.3
Fleet and travel expenses	11,402.8	10,145.9
Freight and warehousing	9,105.9	8,728.9
External staff	4,745.1	5,100.6
Rental and leasing expenses	10,459.9	9,146.0
Consultancy costs	2,911.9	2,679.6
Office, postal and telephone expenses	4,484.0	4,368.1
Commissions	5,337.6	5,326.8
Licence expenses	355.9	376.4
Insurance premiums	1,750.4	1,677.8
Maintenance	3,043.8	2,819.8
Energy and fuel	1,971.2	1,584.2
Risks on receivables	811.9	-677.1
Other taxes and fees	2,547.4	2,597.6
Cleaning expenses	1,064.4	914.8
Bank fees and other third-party costs	946.8	822.1
Other	5,776.4	4,485.5
Total	78,603.0	72,364.2

NOTE 5: Other operating expenses

	2008 € 1000's	2007 € 1000's
Participation revenues	1,405.4	2,003.1
Revenues from other securities	26.0	49.8
Other interest and similar revenues	642.8	735.7
Total	2,074.2	2,788.6

NOTE 6: Financial results

Interest costs of social capital pursuant to IAS 19	1,215.9	1,111.4
Interest and similar expenses	3,108.7	2,689.6
Total	4,324.6	3,801.0

Financial expenses cover interest and similar expenses for financial liabilities and leasing, interest related costs and allowances, as well as results from interest rate swaps related with external financing. Moreover, interest expenses for social capital pursuant to IAS 19, as well as losses related with participations in financial expenses not subject to consolidation are presented as well. This means a change versus the previous year values, which was implemented to ensure better presentation of results. Thus, personnel expenses totalling € 1,111.40 were reallocated to financial expenses.

Revenues from financial investments include interest, dividends and similar revenues from assessment of financial resources and investment in financial assets, as well as profits from sale of financial assets.

NOTE 7: Income and revenue taxes

The effective tax rate for 2008 financial year is approximately 23.5% and 25.5% for the 2007 financial year.

The current tax expenses were calculated as follows:

	2008 € 1000's	2007 € 1000's
Tax expenses in the financial year:		
Austria	609.2	2,219.3
Abroad	5,713.1	5,968.0
Deferred tax expense/income		
Austria	313.6	-235.0
Abroad	-306.5	1,053.9
Total	6,329.4	9,006.2

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

	2008 € 1000's	2007 € 1000's
Profit before tax	26,954.6	35,256.7
Income tax according to 25% rate (previous year: 25%)	6,738.7	8,814.2
Deviations in foreign tax rates	667.7	1,180.3
Tax-free income from participations	-224.9	-432.3
Impact of local tax rate changes	-132.3	
Utilization of previously unrecorded losses carried forward	-177.9	
First-time capitalization of previously unrecorded losses carried forward	-380.2	
Permanent differences	-161.7	
Subtotal other	-852.1	-556.0
Effective tax liability	6,329.4	9,006.2
Effective tax rate	23.5%	25.5%

The Other item includes among others loss carry-forwards for which deferred taxes were capitalized, tax reimbursements, as well as the effect of consolidation records.

Notes to the balance sheet

Detailed development is documented in the schedule of assets which forms 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 exchange rates between the beginning and the end of their reporting year at the foreign companies are documented as differences in exchange rates.

Impairment tests on goodwill without determined useful life:

Goodwill acquired within the framework of mergers without determined useful life was allocated to the acquired companies or to the material cash generating units for the purpose of impairment tests.

In the course of impairment tests the attainable value of cash generating units or company is calculated based on the calculation of useful life, applying cash flow forecasts. Cash flow forecasts are based on financial plans approved by the management for the period of three years, which are based on empirical values. Discount rate adopted for cash flow forecasts is 8.6% (2007: 9.3%). Cash flows following the period of three years are extrapolated assuming growth rate of 3.0% (2007: 3.0%).

The significant goodwill is related with Christ Aqua in Switzerland in the amount of € 14,573,200 (previous year: € 14,573,200) and with "Softener France" cash generating unit in the amount of € 7,502,300 (previous year: € 7,502,300).

Development costs are only capitalized to the extent in which the necessary conditions pursuant to IAS 38 are met, in particular technical useful life is applicable. Expenses for research and development projects amounted to € 5.6 million (previous year: € 5.5 million), of which T€ 537.3 (previous year: T€ 783.9) were capitalized.

The balance sheet item „Land and buildings" contains land worth € 13,450,500 (previous year: € 12,142,400). Mortgage collateral amounts to € 976,600 (previous year: € 1,204,300). Purchase commitments for major investment projects totaled € 2,401,800 (previous year: € 2,795,900) as at December 31, 2008.

Pursuant to IAS 17 tangible fixed assets include assets used under leasing contracts which economically are to be classified as BWT Group property due to the structure of leasing agreement. In the previous years this item included in particular a building of BWT France S.A.S., F-St. Denis, for which a purchase option was realized in 2008.

	2008	2007
	€ 1000's	€ 1000's
Purchase cost of tangible fixed assets	0.0	4,139.1
Cummulative depreciation	0.0	1,625.5
Book value of tangible fixed assets	0.0	2,513.6
Minimum leasing payments payable as at the balance sheet date	0.0	423.7
Present value of minimum leasing instalments payable within one year	0.0	408.5
Interest rate applied		6.849%
Present value of minimum leasing instalments payable between one and five years	0.0	0.0
Interest rate applied		6.849%

NOTE 8: Intangible and tangible fixed assets

NOTE 9: Financial assets (investments)

Financial assets (investments)	Book value 31/12/2008 € 1000's	Book value 31/12/2007 € 1000's
Participations	5,502.9	5,352.7
Securities	1,412.5	1,905.1
Total	6,915.4	7,257.8

Participations relate to shares in the following companies:

Company	Shares	Book value 31/12/2008 € 1000's	Book value 31/12/2007 € 1000's
Nomura Micro Science Co. Ltd., Japan	4.009%	1,437.4	996.0
Wiener Börse AG, Austria	1.039%	274.5	274.5
ADDUXI S.A., France	23.000%	52.6	52.6
Syclope, France	11.940%	140.5	147.5
Male Water & Sewarage Company Ltd.	12.200%	3,087.0	3,083.7
Other		510.9	798.4
Total		5,502.9	5,352.7

Securities are composed of the following:

	31/12/2008 € 1000's	31/12/2007 € 1000's
Shares in funds	187.6	554.8
Other securities	1,224.9	1,350.3
Total	1,412.5	1,905.1

As long as it was possible to specify market value of securities, changes in value were recorded in the equity, not affecting net income. Sustainable value impairments are recorded affecting net income.

NOTE 10: Inventories

Inventories	31/12/2008 € 1000's	31/12/2007 € 1000's
Raw materials and supplies	20,800.6	19,954.5
Unfinished goods	6,230.9	6,536.7
Finished goods and products	32,621.6	31,453.3
Services not yet invoiced	613.8	420.7
Prepayments	1,297.9	1,878.7
Total	61,564.7	60,243.9

Cost of sales recorded in the profit and loss account is comprised of the following:

	31/12/2008	31/12/2007
	€ 1000's	€ 1000's
Cost of materials	157,817.3	157,038.2
Cost of purchased services	14,023.4	13,295.5
Total	171,840.7	170,333.7

Devaluation of inventories increased by € 710,300 in the 2008 financial year, while in the previous year it decreased by € 421,500.

2008	Total	of which current	of which non-current
	€ 1000's	€ 1000's	€ 1000's
Trade receivables	68,868.1	68,795.1	73.0
Receivables from production orders	9,341.6	9,341.6	0.0
Income tax reimbursements	1,239.2	1,239.2	0.0
Other receivables	7,319.7	6,699.7	620.0
Total	86,768.6	86,075.5	693.1

NOTE 11: Receivables and other assets

2007	Total	of which current	of which non-current
	€ 1000's	€ 1000's	€ 1000's
Trade receivables	77,402.6	77,042.1	360.5
Receivables from production orders	9,072.2	9,072.2	0.0
Income tax reimbursements	2,649.9	2,649.9	0.0
Other receivables	6,316.0	5,945.6	370.4
Total	95,440.7	94,709.8	730.9

Age structure of overdue receivables not included in bad debt provisions:

	2008	2007
	€ 1000's	€ 1000's
60 to 90 days	1,389.3	1,464.2
Above 90 days	5,780.8	6,501.0

Change in the depreciation of trade and other receivables:

	2008 € 1000's	2007 € 1000's
State at year beginning	1,984.1	3,977.4
Impairment of receivables	892.4	1,175.1
Amounts written down due to uncollectability	-262.9	-343.9
Amounts from receivables written down received during the financial year	-56.6	-2,129.6
Reinstatements	-403.9	-694.9
State at year end	2,153.1	1,984.1

As long as bad debt is not definitive, provisions for bad debts are set up when necessary. Write-downs due to uncollectability of receivables are made only in the case of effective bad debt loss.

As at 31/12/2008 bad debt provisions amounted to € 2,153,100. Bad debt provisions are partially based on the number of remainders. Moreover, the company runs individual impairment tests for significant overdue receivables.

Default risk management:

BWT Group has trade receivables from a large number of customers 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 31st, 2008 five largest outstanding receivables from individual customers totaled € 5,979,100, i.e. 8.7% of the trade receivables due. As at December 31st, 2007 the figure was € 4,914,800, i.e. 5.7%. Receivables from affiliated companies were not included in this figure, as can be seen from Note 25.

NOTE 12: Receivables from production orders

Pursuant to IAS 11 for all those production orders for which it is possible to reliably evaluate the degree of completion, total costs and total sales, revenues were realized according to the degree of progress of work (percentage-of-completion method). When applying the percentage-of-completion method, revenues are realized at a point in time at which there is not yet any statutory 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). The costs incurred hitherto are taken from the calculations reconciled with bookkeeping or time recording.

Details concerning production orders	2008 € 1000's	2007 € 1000's
Contract revenues in the financial year	23,445.5	25,618.2
Cumulative costs until December 31 st	24,424.3	24,819.3
Cumulative realized profits until December 31 st	6,992.1	5,778.1
Cumulative realized losses until December 31 st	215.6	250.0
Prepayments received	25,843.8	24,577.6

Wherever possible, prepayments received were offset against receivables from production orders.

Production orders with debit balances to customers of € 2,232,300 (previous year: € 3,302,300) are recorded under other liabilities.

There was no securitization of receivables in the form of bills of exchange as at the balance sheet date.

NOTE 13: Other receivables from third parties

Liquid funds	31/12/2008 € 1000's	31/12/2007 € 1000's
Bank balances	13,279.8	15,130.2
Cash in hand	140.6	179.2
Checks	64.0	63.2
Total = (net) liquid funds in the cash flow statement	13,484.4	15,372.6

NOTE 14: Liquid funds

Deferred taxes 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:

NOTE 15: Deferred taxes

	31/12/2008 € 1000's	31/12/2007 € 1000's
Deferred tax claims:		
Social capital provisions	378.6	1,428.1
Deferred tax claims arising from tax loss carry-forwards	712.4	257.0
Various tax depreciation on tangible assets	615.0	910.2
Non-deductible provisions	610.9	-
Other (temporary valuation differences)	321.2	-
Other sub-total	932.1	1,684.1
Deferred tax claims	2,638.1	4,279.4
Deferred tax liabilities		
Capitalized R&D	1,198.1	-
Various tax deductions on tangible assets	805.4	-
Revaluation of financial assets available for sale	110.4	-
Revaluation of real property at current market value	753.4	-
Sub-total tangible fixed assets differences	2,867.3	3,147.8
Differences due to production orders (POC)	607.9	-
Other (temporary valuation differences)	396.4	-
Sub-total Other	1,004.3	1,781.4
Deferred tax liabilities	3,871.6	4,929.2
Deferred tax assets/liabilities	-1,233.5	-649.8
As recorded in the balance sheet:		
Deferred tax assets	4,118.3	4,279.4
Deferred tax liabilities	-5,351.8	-4,929.2
Deferred tax assets/liabilities	-1,233.5	-649.8

Pursuant to IAS 12 deferred taxes on existing losses carried forward amounting to € 712,400 (previous year: € 257,000) were capitalized, as these can be netted against future taxable profits. Deferred tax on losses carried forward were capitalized in the probable amount which can be netted against future taxable profits. In some countries there is no time limitation regarding the use of loss carry-forwards. Moreover, unused loss carry-forwards amount to € 2,439,800.

Income tax is composed of the following items:

	2008	2007
	€ 1000's	€ 1000's
Corporate income tax for the financial year (actual tax)	6,482.0	7,955.1
Corporate income tax for previous years	-159.7	232.2
Changes in deferred taxes	7.1	818.9
	6,329.4	9,006.2

NOTE 16: Equity

The composition and development of the balance sheet equity is presented in the development of the Group equity.

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

Major shareholders of the BWT Group include 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 of the Bank of New York.

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

The tied-up capital reserves of BWT Aktiengesellschaft, the parent company, amounting to € 17 million are not distributable and result from the share premium achieved on the occasion of the capital increase in 1994.

The results include retained profits, transactions booked directly under equity include direct income and costs (actuarial profits/losses less tax due, valuation of securities and purchase of minority interest) and currency conversion differences.

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 equity relating to majority shares.

Pursuant to the resolution of the General Shareholders Meeting dated 24/05/2007 and 20/05/2008 the Management Board was authorized to share buy-back of own shares. In 2008 the Management Board acted upon this authorization under two programs. 39,404 shares were bought in the period from 11/04/2008 to 20/05/2008, and 273,015 shares in the period from 28/08/2008 to 18/11/2008. This makes a total of 312,419 own shares (i.e. 1.75% of equity capital) for the total purchase price of € 5,287,706.12. The weighted average purchase price per share was € 16.93.

Dividend amounting to € 6,761,800 (previous year: € 6,241,700) was paid out in 2008, which makes € 0.38 per share (previous year € 0.35).

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

PENSION PROVISIONS

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

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

Biometric calculation bases	2008	2007
Actuarial discount rate EU	6.00%	5.20% - 5.25%
Actuarial discount rate Switzerland	3.25%	3.25%
Actuarial discount rate Sweden	4.10%	4.40%
Wage/salary trend	3.0%	1.5% - 2.5%
Pension trend	0.75% - 2.0%	0.75% - 2.0%

Retirement age was established on the basis of the legal provisions in force in individual countries. The turnover rate in Switzerland is based on BVG 2005, whereas in other countries the rate oscillated from 2% to 11.5% depending on age.

Changes in present value of premium based liabilities are as follows:

	2008 € 1000's	2007 € 1000's
Present value of pension obligations as at January 1 st	32,857.1	33,839.4
Change in scope of consolidation	0.0	326.1
Expenses arising from time in service	1,735.6	2,016.5
Interest expenses	1,405.8	1,256.0
Pension payments	-4,316.4	-2,222.9
Actuarial profits/losses	-1,763.2	-1,914.3
Exchange rate differences	1,684.0	-443.7
Present value of pension obligations as at December 31st	31,603.0	32,857.1
Plan assets	-15,731.9	-15,412.6
Pension provisions	15,871.1	17,444.6

Due to a conceptual change in Switzerland pension plans are qualified defined benefit since 2007. Therefore the calculation was made from 2006. Plans in France and Italy are now classified as severance- or jubilee bonus- cash liabilities and are therefore restructured respectively in the presented periods. Exchange rate differences are presented separately pursuant to IAS 19. In order to ensure better comparability they are also presented separately for the previous years.

Actuarial profits/losses were recorded in equity not affecting net income pursuant to IAS 19. The remaining components are included in personnel expenses.

NOTE 17: Provisions for social capital

Plan assets are fully comprised of liability insurances. Changes in fair value of plan assets are as follows:

	2008 € 1000's	2007 € 1000's
Fair value of plan assets as at January 1 st	15,412.5	14,986.3
Change in scope of consolidation	0.0	160.1
Expected yield	563.4	512.1
Employer premiums	701.7	711.0
Premiums of plan participants	811.1	602.0
Benefits paid out	-3,297.8	-1,199.1
Actuarial profits/losses	61.4	97.7
Exchange rate differences	1,706.7	-457.5
Fair value of plan assets as at December 31 st	15,959.0	15,412.5
Surplus not capitalized	-227.1	0.0
Plan assets	15,731.9	15,412.5

Payroll taxes estimated for the next financial year are expected to have similar value to those paid in 2008 financial year.

Premiums paid in the current and previous four reporting periods are as follows:

	2008 € 1000's	2007 € 1000's	2006 € 1000's	2005 € 1000's	2004 € 1000's
Present value of premium-based liability	31,603.0	32,857.1	33,839.4	22,472.1	19,975.7
Fair value of plan assets	15,959.0	15,412.5	14,986.3	-	-
Actuarial profits/losses (DBO)	-1,763.2	-1,914.3	-603.4	2,238.8	1,722.2
Actuarial profits/losses plan assets	61.4	97.7	-	-	-

PROVISIONS FOR SEVERANCE PAYMENTS

As a result of legal obligations, employees of the Austrian, French and Italian Group companies receive a single payment in the case of their layoff or retirement. The amount 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	2008	2007	2006	2005	2004
Actuarial discount rate	6.00%	5.25%	4.33%	4.33%	4.5%
Wage/salary trend	3.0%	2.5%	2.0%	2.0%	2.0%

Retirement age was established on the basis of the legal provisions in force in individual countries. The turnover rate oscillated between 2% and 11.5% depending on age.

Changes in present value of premium based liabilities are as follows:

	2008 € 1000's	2007 € 1000's
Present value of liabilities (DBO) as at January 1 st	6,185.9	6,033.6
First time application of IAS 19	0.0	548.3
Change in scope of consolidation	0.0	12.1
Expenses arising from time in service	348.7	380.7
Interest expenses	284.1	265.8
Severance payments	-831.3	-921.0
Actuarial profits/losses	283.3	-133.6
Present value of liabilities (DBO) as at December 31 st	6,270.7	6,185.9
Plan assets	-565.5	-548.3
Provisions for severance payments	5,705.2	5,637.6

Actuarial profits/losses were recorded in equity not affecting net income pursuant to IAS 19. Interest expenses were recorded in financial results. The remaining components are included in personnel expenses.

Plan assets are comprised of liability insurances. Changes in fair value of plan assets are as follows:

	2008 € 1000's	2007 € 1000's
Fair value of plan assets as at January 1 st	548.3	0.0
First time application of IAS 19	0.0	548.3
Expected yields	19.6	0.0
Employer premiums	120.0	0.0
Premiums of plan participants	0.0	0.0
Benefits paid out	-122.3	0.0
Actuarial profits/losses	0.0	0.0
Exchange rate differences	0.0	0.0
Fair value of plan assets as at December 31 st	565.5	548.3

Employer premiums estimated for the next financial year are expected to have similar value to those paid in 2008 financial year.

Premiums paid in the current and previous four reporting periods are as follows:

	2008 € 1000's	2007 € 1000's	2006 € 1000's	2005 € 1000's	2004 € 1000's
Present value of premium-based liability	6,270.7	6,185.9	6,033.6	5,351.6	6,755.2
Fair value of plan assets	565.5	548.3	-	-	-
Actuarial profits/losses (DBO)	283.3	-133.6	-13.7	-46.2	-198.5
Actuarial profits/losses plan assets	0.0	0.0	-	-	-

PROVISIONS FOR JUBILEE BONUSES

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

Biometric calculation bases	2008	2007	2006	2005	2004
Actuarial discount rate	6.00%	5.25%	4.33%	4.33%	4.50%
Wage/salary trend	3.0%	2.5%	2.0%	2.0%	2.0%

The retirement age was established on the basis of the legal provisions in force in individual countries. The turnover rate oscillated between 2% and 11.5% depending on age.

Changes in present value of premium based liabilities are as follows:

	2008 € 1000's	2007 € 1000's
Present value of liabilities (DBO) as at January 1 st	924.7	904.0
Expenses arising from time in service	103.6	97.5
Interest expenses	49.5	45.9
Jubilee bonuses paid out	-85.1	-108.6
Actuarial profits/losses	-35.5	-14.1
Present value of liabilities (DBO) as at December 31st	957.2	924.7

Actuarial profits/losses were recorded in equity with expenses arising from time in service not affecting net income pursuant to IAS 19. Interest expenses were recorded in financial results. The remaining components are included in personnel expenses.

Premiums of the current and previous reporting periods are as follows:

	2008 € 1000's	2007 € 1000's	2006 € 1000's	2005 € 1000's	2004 € 1000's
Present value of premium based liability	957.2	924.7	904.0	394.2	362.6
Actuarial profits/losses (DBO)	-35.5	-14.1	5.6	9.5	-8.3

The development of other accruals which were valued pursuant to IAS 37 looked as follows:

NOTE 18: Other accruals

2008	01/01/2008	Change in the scope of consolidation	Exchange rate difference	Deployment	Writeback	Allocation	31/12/2008	of which non-current
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Personnel expenses	2,721.5	0.0	28.0	2,678.6	79.1	2,571.2	2,563.1	0.0
Guarantees	3,753.2	0.0	15.9	2,991.2	153.9	2,873.7	3,497.8	640.4
Other	7,200.4	0.0	58.8	4,216.1	759.1	3,919.1	6,203.1	912.0
Total	13,675.1	0.0	102.8	9,885.9	992.0	9,364.0	12,264.1	1,552.4

2007	01/01/2007	Change in the scope of consolidation	Exchange rate difference	Deployment	Writeback	Allocation	31/12/2007	of which non-current
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Personnel expenses	2,495.2	133.2	-8.8	2,425.8	18.3	2,546.1	2,721.5	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	11,242.0	334.9	-39.6	7,954.8	600.3	10,693.0	13,675.1	1,514.8

The provision for personnel expenses contains bonus payments and profit-sharing bonuses. 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. It can be expected that the majority of these costs will be incurred within the next financial year and in the case of guarantee provisions in the period of up to three years following the balance sheet date.

In November 1999 a € 17 million bond was issued divided into 17,000 equal-ranking bearer bonds each with a nominal value of € 1,000. Based on their issuance date November 17, 1999, the bonds bear an annual interest rate of 6.875% until their maturity date. Due to numerous interest rate swaps, this fixed interest rate was switched to a variable interest rate from November 2007. From this point on until the end of the term the interest rate was fixed at 4.9825% (see Note 24 Derivative financial instruments). Interest is payable annually in arrears on November 17th. The bonds will become mature on November 17th, 2009. The bonds are traded in the „Freiverkehr“ tier (over-the-counter) of the Frankfurt stock exchange (security identification number 353770).

NOTE 19: Bonds

NOTE 20: Liabilities

2008	Total	of which remaining term of less than 1 year	of which remaining term between 1-5 years	of which remaining term of more than 5 years	of which remaining term over 1 year secured
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Bonds	17,000.0	17,000.0	0.0	0.0	0.0
Interest-bearing financial liabilities	22,419.7	17,981.8	4,240.1	197.8	2,611.7
Trade liabilities	30,721.6	30,721.6	0.0	0.0	0.0
Other liabilities	31,517.2	30,515.5	1,001.7	0.0	147.0
of which: Customer advances	5,191.3	5,191.3	0.0	0.0	0.0
Drafts and notes payable	2,375.5	2,375.5	0.0	0.0	0.0
Remaining liabilities	23,950.4	22,948.7	1,001.7	0.0	147.0
Total	101,658.4	96,218.8	5,241.8	197.8	2,758.7

2007	Total	of which remaining term of less than 1 year	of which remaining term between 1-5 years	of which remaining term of more than 5 years	of which 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 liabilities	35,765.6	35,765.6	0.0	0.0	0.0
Other liabilities	33,270.3	32,272.6	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	23,589.6	22,591.9	997.7	0.0	0.0
Total	110,860.0	82,586.6	27,775.5	497.9	998.9

„Other liabilities“ include among other things other tax liabilities of € 5,351,700 (previous year: € 5,840,600) and other social security liabilities of € 2,346,900 (previous year: € 2,387,300).

The securities on properties referred to above are mainly liens.

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:

2008	€ 1000's
2009	8,983.4
2010-2013	10,889.0
thereafter	40.3

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

Total rental and leasing expenses during the financial year amounted to € 10,459,900 (previous year: € 9,146,000).

BWT Group is building a new center for water technology near Budapest. The center will accommodate BWT and CHRIST companies, as well as external companies. BWT AG has therefore concluded a framework leasing agreement on 29/02/2008 covering investment volume of around € 8.5 million for a term of 15 years. This agreement has not been classified yet, as the total investment volume is not yet known.

LIABILITIES AND GUARANTEES

The Company assumed liabilities and guarantees within the framework of day-to-day business operations. As at the balance sheet date utilization of all liabilities and guarantees is unlikely.

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 the other disputes will have no significant impact on the asset, finance or revenues items of the BWT Group.

NOTE 21: Other liabilities and uncertain liabilities

Notes to the cash flow statement

The cash flow statement shows how funds of the Group 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 „Payments for the acquisition of minority shares and the acquisition of participations“. The cash flow statement distinguishes between operating, investing and financing activities. Liquid funds recorded in the cash flow statement include cash in hand, checks, cash in bank and securities to be qualified.

NOTE 22: Cash flow from operating activities

The cash flow from operating activities shows the cash flows arising from inter-company transactions in goods and services made during the financial year. Cash flows from current operating activities of € 28,139,600 (previous year: € 22,500,500) include changes in working capital.

NOTE 23: Cash flow from investment activities

Expenses for purchases of tangible assets, intangible assets and financial assets totalled € 16,909,400 (previous year: € 15,060,200).

Expenses for acquisitions or takeovers of minority interest totalled € 2,954,900 (previous year: € 1,487,400).

in € 1000's	Successive acquisition of shares
Long-term assets	283
Current assets	1,295
TOTAL ASSETS	1,578
Equity	1,205
Long-term liabilities	19
Current liabilities	354
TOTAL LIABILITIES	1,578
Acquired share in equity	1,205
Goodwill	29
Purchase price	1,234
Of which not yet paid	97
Liquid funds taken over	455
Cash flow for the company acquisition less acquired liquid funds	-682
Turnover 2008	1,333
Results 2008	44

50% was acquired as at April 1st, 2008 and 7% were reassigned to minority groups as at October 1st, 2008.

Financial risk management

The Group treasury renders services for business segments and coordinates access to national and international financial markets. Moreover, it monitors and controls financial risks associated with the Group's business segments.

Fair Value

Disclosures about fair value of financial instruments

Fair value of financial instruments is the amount which is used for business transactions between expert, willing and independent business partners. The fair value is often identical with market price. Fair value is therefore derived from market information available as at the balance sheet date. Due to varying influencing factors values presented here may vary from the later realized values.

Book values of bank liabilities with varying interest rates mainly reflect the market value. Bank liabilities with fixed interest rates are mainly short-term. For this reason, the book value of these liabilities also mainly reflects the market value.

Interest rate risk

As part of the company's business activities it is necessary to use debt capital to finance current assets, investments and possible company expansions. The current debt capital has both fixed and variable interest rates, and is both current and long-term. Due to their short-term nature, both the fixed interest loans, as well as variable interest loans are exposed to a standard market interest rate risk. Several interest rate swaps were concluded for bonds (Note 19). The Management Board assesses the interest rate risk of other financial instruments shown in the balance sheet as low. Possible risks which may result from changes in the interest rate level are regularly evaluated as part of Group financing activities.

The following interest rate sensitivity analysis was prepared under the assumption that with variable interest rates and short-term fixed interest rates (cash advances) interest rates in the reporting period would be 50 basis points higher or lower 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 management in terms of a justified possible change in interest rates.

As a base case, the interest rate risk exposure of derivative and non-derivative instruments as at the balance sheet date was determined by assuming that the outstanding liabilities or receivables as at the balance sheet date were outstanding for the entire year.

If interest rates were 50 basis points higher, and all other variables remained constant, net interest income would be € 28,000 better (previous year: worse by € 19,700). With interest rate lower by 50 basis points and other variables constant, net interest income would be € 28,200 worse (previous year: better by € 37,000). The tested interest rate fluctuations have no direct impact on equity.

NOTE 24: Financial instruments

Exchange rate risks

The company partly finances its operating resources, investments and possible expansion with foreign currencies. This is directly related to the international character 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 exchange rates fluctuations.

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 is primarily related to the Swiss companies' EUR balance sheet items from operating activities, as well as CHF financial items of EUR companies. The EUR/USD risk arises from USD balance sheet items. The EUR/PLN exchange rate primarily influences the Polish company. The following currency sensitivity analysis investigated effects of increase or decrease of relevant currency pairs by 5% on the valuation the financial instruments as at the balance sheet date. This involves balance sheet date as at December 31. The tested interest rate fluctuations have no direct impact on equity.

Impact on EBIT 2008	5% exchange rate increase in € 1000's	5% exchange rate decrease in € 1000's
EUR/CHF exchange rate	23.0	-25.5
EUR/USD exchange rate	-8.3	9.1
EUR/PLN exchange rate	-57.0	63.0

Impact on EBIT 2007	5% exchange rate increase in € 1000's	5% exchange rate decrease 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

Liquidity / financing risk

Liquidity risk involves the possibility of being able to ensure financial resources at any time in the form of cash 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 the available liquid funds and financial investments are made available virtually risk-free and promptly by the company.

A consolidated financing company within the Group, which also contains the existing cash pools, has been available to control and optimize liquidity. The assessment strategy of the BWT Group is aimed at cooperating with financial partners of impeccable credit standing.

The Group has access to sufficient bank lines. Due to good credit standing of the BWT Group and low level of net liabilities at present we cannot see any direct impacts of the financial market crisis on the availability of bank lines to the BWT Group.

Default risk/solvency risk

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.

Following standard market practices BWT Group attempts to reduce this risk, among others, by obtaining payment guarantees from banks and export credit agencies. Moreover, whenever necessary the company covers risks in the project business with international credit insurers. The management makes sure that BWT Group companies obtain information about the credit standing of customers before signing agreements with them, e.g. by obtaining company information from reputable agencies.

Primary financial instruments

Primary financial instruments are presented in the balance sheet. On the assets side they include investments in securities, liquid funds, trade receivables and other receivables. On the liabilities side they include trade liabilities, other liabilities and interest-bearing financial liabilities. Book value of primary financial instruments in the balance sheet basically reflects their market- or fair value. On the assets side, the recorded amounts also reflect the maximum default and solvency risk payments, as there are no global netting agreements in these cases. The risk regarding receivables from customers is regarded as low, as the creditworthiness of new and existing customers is monitored on a continuous basis and no more than 5% of total receivables are outstanding from any one customer.

Credit risk related with cash investments and securities is limited, as these are held only to a limited degree and primarily by Austrian companies, and BWT Group only cooperates with financial partners who have an impeccable creditworthiness.

Due to the decentralized character of BWT Group in Europe, loans for current assets are also extended in respective currencies of local companies. Exchange rate risks are therefore very limited, as outgoing invoices of foreign companies are mainly issued in the respective local currency.

Valuation categories of financial instruments:

Assets are classified as available for sale if they do not meet the requirements applicable to loans and receivables, are not held to maturity and are classified at market value, not included in net income. This category includes in particular securities to cover provisions for pensions, as well as participations not held for trading.

2008 in € 1000's	Book value as at 31/12/2008	Loans and receivables	At amortized costs	Available for sale	Held for trading	Non- financial instrument
Long-term assets						
Financial investments	6,915.4	-	-	6,915.4	-	-
Trade receivables	73.0	73.0	-	-	-	-
Other receivables	620.0	620.0	-	-	-	-
Current assets						
Trade receivables	68,795.1	68,795.1	-	-	-	-
Receivables from production orders	9,341.6	9,341.6	-	-	-	-
Other receivables	6,699.7	3,215.1	-	-	25.1	3,459.5
Liquid funds	13,484.4	13,484.4	-	-	-	-
Long-term liabilities						
Bond issues	0.0	-	0.0	-	-	-
Interest-bearing financial liabilities	4,437.9	-	4,437.9	-	-	-
Other liabilities	1,001.7	-	1,001.7	-	-	-
Current liabilities						
Bond issues	17,000.0	-	17,000.0	-	-	-
Interest-bearing financial liabilities	17,981.8	-	17,981.8	-	-	-
Trade liabilities	30,721.6	-	30,721.6	-	-	-
Other liabilities	30,515.5	-	14,857.0	-	214.0	15,444.5

2007 in € 1000's	Book value as at 31/12/2007	Loans and receivables	At amortized costs	Available for sale	Held for trading	Non- financial instrument
Long-term assets						
Financial investments	7,257.8	–	–	7,257.8	–	–
Trade receivables	360.5	360.5	–	–	–	–
Other receivables	370.4	370.4	–	–	–	–
Current assets						
Trade receivables	77,042.1	77,042.1	–	–	–	–
Receivables from production orders	9,072.2	9,072.2	–	–	–	–
Other receivables	5,945.7	3,303.7	–	–	49.7	2,592.3
Liquid funds	15,372.6	15,372.6	–	–	–	–
Long-term liabilities						
Bond issues	17,000.0	–	17,000.0	–	–	–
Interest-bearing financial liabilities	10,275.7	–	10,275.7	–	–	–
Other liabilities	997.7	–	997.7	–	–	–
Current liabilities						
Bond issues	0.0	–	0.0	–	–	–
Interest-bearing financial liabilities	14,548.4	–	14,548.4	–	–	–
Trade liabilities	35,765.6	–	35,765.6	–	–	–
Other liabilities	32,272.6	–	16,512.4	–	73.2	15,687.0

Capital control

The primary objective of capital control in the Group is to make sure that it maintains a high credit rating and high equity ratio to support its business activity. The management aims at maintaining the equity ratio at a level exceeding 35%. Moreover, in particular net debt and gearing are monitored on a regular basis, while the target is to maintain gearing at a level below 50%. It is regularly checked whether capital control should be adjusted to the current developments.

Net debt

Net debt level as at the end of the year was as follows:

	31/12/2008 in 1000's €	31/12/2007 in 1000's €
Interest-bearing financial liabilities	39,419.7	41,824.1
Less liquid funds	–13,484.4	–15,372.6
Net debt	25,935.3	26,451.5
Equity	138,151.7	129,633.1
Net debt to equity	18.8%	20.4%

Interest-bearing financial liabilities 2008

Financial liabilities to non-banks

2008	Currency	Nominal in € 1000's in local currency	Book value in € 1000's	Effective interest rate in %
Bonds	EUR	17,000	17,000	4.98
		Subtotal	17,000	
Other	EUR	1,186	1,186	8.97
	CZK	4,235	158	11.24
	DKK	3,119	419	4.02
		Subtotal	1,763	
		Total	18,763	

Fixed-interest financial liabilities to banks

2008	Currency	Nominal in € 1000's in local currency	Book value in € 1000's	Effective interest rate in %
Loans	EUR	4,624	4,624	2.55
		Subtotal	4,624	
Advances	EUR	9,856	9,856	4.17
		Subtotal	9,856	
		Total	14,480	

Variable-interest financial liabilities to banks

2008	Currency	Nominal in € 1000's in local currency	Book value in € 1000's	Effective interest rate in %
Loans	EUR	3,176	3,176	5.53
	CZK	5,984	223	4.03
	HUF	4,926	19	6.00
		Subtotal	3,418	
Current account	EUR	2,630	2,630	4.63
	CZK	2,608	97	5.65
	PLN	133	32	5.33
		Subtotal	2,759	
		Total	6,177	

Other interest-bearing financial liabilities to non-banks mainly include a subordinated loan under a purchase agreement concerning the Anna table water filter business.

Interest-bearing financial liabilities 2007

Financial liabilities to non-banks

2007	Currency	Nominal in € 1000's in local currency	Book value in € 1000's	Effective interest rate in %
Bond	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 € 1000's in local currency	Book value in € 1000's	Effective interest rate in %
Loan	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 € 1000's in local currency	Book value in € 1000's	Effective interest rate in %
Loan	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	

Fair values of long-term liabilities are based on the current interest rates on liabilities with the same maturity date. Fair values of long-term loans and other liabilities largely correspond to their book values. The risk of changing interest rates on bonds was covered by an interest rate swap with regard to the fair value risk. The management is of the opinion that the risk of changing interest rates on financial investments and other liabilities is insignificant.

Derivatives

In order to secure the risk of changing interest rates the BWT Group concluded the following derivative transactions:

	31/12/2008 Nominal value € 1000's	31/12/2008 Market value € 1000's	31/12/2007 Nominal value € 1000's	31/12/2007 Market value € 1000's
Interest rate swap 2006 – 2008	0.0	0.0	1,200.0	-10.7
Cap EUR 2005 – 2008	0.0	0.0	3,000.0	16.7
Interest rate swap 2007 – 2009	17,000.0	-214.0	17,000.0	-9.3

	Currency	31/12/2008 Nominal value € 1000's	31/12/2008 Market value € 1000's	31/12/2007 Nominal value € 1000's	31/12/2007 Market value € 1000's
Sale of swap option	TEUR	0.0	0.0	3,600.0	-9.9

In order to secure exchange rate risk BWT Group concluded the following currency futures contracts:

	Currency	31/12/2008 Nominal amount in local currency 1000's	31/12/2008 Market value € 1000's	31/12/2007 Nominal amount in local currency 1000's	31/12/2007 Market value € 1000's
Sale of USD futures against DKK	TUSD	920.0	19.8	582.9	27.5
Sale of USD futures against EUR	TUSD	0.0	0.0	171.0	2.9
Purchase of USD futures against EUR	TUSD	0.0	0.0	1,250.0	-38.9
Purchase of USD futures against CHF	TUSD	0.0	0.0	200.0	-4.4
Purchase of CHF futures against EUR	TCHF	1,000.0	5.3	1,120.0	2.6

The remaining terms of USD/DKK currency futures contracts are all more than one year, all the other ones are less than a year. Fair value is based on the futures rates as at the balance sheet date.

Book values of financial assets correspond to the maximum default risk as at the balance sheet date. Market values of all currency futures contracts were recorded in net income as other current receivables or other liabilities.

Due to the fact that important shareholders of 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.

In 2008 affiliated companies and persons supplied BWT Group with materials and services totalling € 4,700,700 (previous year: € 4,381,400), while BWT Group delivered materials or services to these companies and persons totalling € 11,190,800 (previous year: € 13,637,200). As at the balance sheet date 31/12/2008 BWT Group receivables from affiliated companies and persons totalled € 2,744,500 (previous year: € 2,621,000), while liabilities totalled € 1,257,300 (previous year: € 1,644,300). Transactions with affiliated companies and persons mainly concerned deliveries and services from or to companies from the CHRIST Group and were carried out under regular market conditions. BWT AG delivered liabilities and guarantees for the subsidiaries of CHRIST Group amounting to € 314,200 (previous year: € 484,000), for which BWT AG received indemnity from CHRIST WATER TECHNOLOGY AG, Mondsee.

Total remuneration of Management Board members at BWT AG were mainly related with short-term benefits and totaled in the financial year € 796,700 (previous year: € 660,400). No payments were made to former members of the Management Board or their descendants.

Andreas Weissenbacher, President of the Management Board at BWT AG, is Managing Co-director at Aqua Engineering GmbH which belongs to the CHRIST Group.

Management of Anna International Ltd. provided the company with a subordinated loan amounting to € 955,000 (previous year: € 1,050,000) with a 10% fixed interest rate. Anna International Ltd. delivered a counter guarantee of € 150,000 for its Managing Directors. This reciprocal liability is related with a loan extended by the Managing Directors to ANNA Sp. z.o.o., Poland.

Pursuant to an asset deal, the 100% BWT subsidiary BWT Nederland B.V. acquired a standard business of the CHRIST Group in Holland for € 1,800,000, effective as at 01/04/2008.

Based on a new strategy, equipment assembling for industrial water treatment, with annual contract volume of roughly € 5 million, taken over at the beginning of 2006 by Christ Aqua AG, a BWT subsidiary, was again integrated on 01/04/2008 with Christ Pharma & Life Science AG, a CHRIST subsidiary with its operation in Switzerland.

Important events following the balance sheet date

There were no reportable events following the balance sheet date, which would be important for the valuation as at the balance sheet date.

Information about corporate bodies

Members of the Supervisory Board only received expense reimbursements for the activities in the 2008 financial year. There are no loans or credit guarantees to members of the Management or Supervisory Board.

Appointed Management Board Members in the 2008 financial year included:

- Mr. Andreas Weissenbacher (CEO)
- Mr. Gerhard Speigner (CFO)

NOTE 25: Information about affiliated companies and persons

NOTE 26: Other information

The Supervisory Board was composed of the following members in 2008 financial year:

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

Earnings per share

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

	2008	2007
Annual results due to shareholders of the parent company in € 1000's	20,627.4	26,425.0
Weighted number of outstanding shares	17,745,489	17,833,500
Earnings per share in €	1.16	1.48

Proposal for profit distribution

Pursuant to the provisions of the Stock Companies Act, the annual financial statements of BWT AG as at 31/12/2008, drawn up according to the Austrian accounting regulations, provide the basis for dividend payment.

The Management Board proposes the following profit distribution to the General Shareholders Meeting on 20th May 2009:

- Dividend payment of € 0.38 per share for the outstanding shares
- Carrying forward of the remaining amount to the new financial year.

The consolidated financial statements as at 31/12/2008, in accordance with IFRS, were approved by the Management Board on 04/03/2009.

Mondsee, 04/03/2009



Andreas Weissenbacher
Chief Executive Officer



Gerhard Speigner
Chief Financial Officer

Overview of the material participations

As of December 31, 2008, 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
NEHER	Manufactur für Glas und Spiegel GmbH, Villach	100.000%	100.000%	BWTGMBHA	F
ASBET	Aqua Service Beteiligungen GmbH, Mondsee	100.000%			F
IAM	IAM Immobilien Asset Management GmbH, Mondsee	100.000%	100.000%	ASBET	F
BWTGS	BWT Group Services GmbH, Mondsee	100.000%	100.000%	ASBET	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, Gerasdorf	100.000%			F
BWTD	BWT Wassertechnik GmbH, Schriesheim	100.000%			F
FUMA	FuMA-Tech GmbH, St. Ingbert	100.000%	100.000%	BWTD	F
W&MD	Water & More by BWT 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
BWT HU	BWT Hungaria KFT, Budaörs	93.000%	93.000%		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 AG, Aesch	100.000%			F
QUTECH	Quality Tech AG, Brislach	100.000%			F
CCI	Cillichemie Italiana S.R.L., Mailand	100.000%			F
CILSP	Cilit S.A., Barcelona	100.000%	100.000%	CCI	F
BWTP	BWT Polska Sp.z.o.o., Warschau	100.000%			F
BWTUKR	BWT Ukraine, Kiev	100.000%	100.000%	BWTP	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
BWTNL	BWT Nederland BV, Zoeterwoude	100.000%			F

F = Fully consolidated

Development of fixed assets (Appendix V.2.)

2008	ACQUISITION/PRODUCTION COST						
	1/1/2008	Currency difference	Reclassification	Initial consolidation	Additions	Disposals	31/12/2008
Intangible assets	63,524.5	270.0	347.2	198.4	3,989.5	677.4	67,652.2
Goodwill	28,315.9	–	300.0	197.5	586.1	–	29,399.5
Other intangible assets	35,208.6	270.0	47.2	0.9	3,403.4	677.4	38,252.6
Concessions, rights, licenses	23,452.0	248.8	47.2	0.9	2,866.1	677.4	25,937.6
R & D capitalized (self-provided)	11,756.6	21.1	–	–	537.3	–	12,315.0
Tangible assets	126,520.7	224.6	-347.2	282.0	12,645.8	3,243.1	136,082.8
Land and Buildings	59,439.3	376.6	1,860.9	177.0	4,311.0	441.5	65,723.4
Lands	12,142.4	120.7	0.9	17.1	1,400.4	230.9	13,450.5
Buildings	47,296.9	255.9	1,860.0	159.9	2,910.6	210.5	52,272.8
Technical equipment and machinery	29,051.0	-6.1	2,375.8	9.1	2,795.5	454.5	33,770.8
Factory and office equipment	33,214.5	-14.9	108.8	95.9	3,801.8	2,343.3	34,862.7
Prepayments and construction in progress	4,815.9	-131.0	-4,692.6	–	1,737.5	3.8	1,725.9
TOTAL	190,045.2	494.6	0.0	480.4	16,635.3	3,920.5	203,734.9

2007	ACQUISITION/PRODUCTION COST						
	1/1/2007	Currency difference	Reclassification	Initial consolidation	Additions	Disposals	31/12/2007
Intangible assets	59,025.7	-69.8	391.3	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	-69.8	391.3	23.8	2,721.1	115.2	35,208.6
Concessions, rights, licenses	21,279.2	-64.2	391.3	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	-22.6	-329.0	2,297.5	11,195.4	2,287.7	126,520.7
Land and Buildings	57,882.3	-26.3	43.8	1,196.8	343.9	1.2	59,439.3
Lands	11,951.3	-15.5	-29.9	236.5	–	–	12,142.4
Buildings	45,931.0	-10.8	73.7	960.3	343.9	1.2	47,296.9
Technical equipment and machinery	25,459.7	6.5	1,215.6	305.4	2,448.1	384.3	29,051.0
Factory and office equipment	30,155.1	-4.8	131.8	795.3	3,413.8	1,276.7	33,214.5
Prepayments and construction in progress	2,170.0	2.0	-1,720.2	–	4,989.6	625.5	4,815.9
TOTAL	174,692.9	-92.4	62.3	3,868.9	13,916.5	2,403.0	190,045.2

AMORTIZATION/DEPRECIATION								BOOK VALUES		
1/1/2008	Currency difference	Reclassification	Initial consolidation	Additions	Depreciations	Disposals	31/12/2008	31/12/2008	31/12/2007	
18,674.9	45.7	-	-	2,675.3	1,226.7	57.7	22,564.9	45,087.2	44,849.5	
0.0	-	-	-	-	560.0	-	560.0	28,839.5	28,315.9	
18,674.9	45.7	-	-	2,675.3	666.7	57.7	22,004.9	16,247.7	16,533.7	
12,253.0	24.5	-	-	1,572.1	666.7	57.7	14,458.5	11,479.1	11,199.0	
6,421.9	21.2	-	-	1,103.2	-	-	7,546.4	4,768.6	5,334.7	
67,416.9	-31.2	-	-	7,082.7	1.8	2,633.0	71,837.3	64,245.5	59,103.8	
20,828.3	42.0	-	-	1,926.0	-	42.4	22,753.9	42,969.5	38,611.0	
								13,450.5	12,142.4	
20,828.3	42.0	-	-	1,926.0	-	42.4	22,753.9	29,518.9	26,468.6	
21,274.6	-9.3	-	-	2,039.1	-	450.5	22,853.9	10,916.8	7,776.4	
25,314.1	-63.9	-	-	3,117.6	1.8	2,140.1	26,229.4	8,633.3	7,900.4	
								1,725.9	4,815.9	
86,091.9	14.5	-	-	9,758.0	1,228.5	2,690.7	94,402.2	109,332.7	103,953.3	

AMORTIZATION/DEPRECIATION								BOOK VALUES		
1/1/2007	Currency difference	Reclassification	Initial consolidation	Additions	Depreciations	Disposals	31/12/2007	31/12/2007	31/12/2006	
15,888.9	-8.5	2.1	17.9	2,457.4	333.3	16.2	18,674.9	44,849.5	43,136.8	
0.0	-	-	-	-	-	-	0.0	28,315.9	26,768.2	
15,888.8	-8.5	2.1	17.9	2,457.4	333.3	16.2	18,674.9	16,533.7	16,368.6	
10,487.6	-4.0	2.1	17.9	1,432.2	333.3	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	14.5	17.0	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	
0.0	-	-	-	-	-	-	0.0	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	1.2	17.0	326.7	2,922.9	-	1,738.2	25,314.1	7,900.4	6,370.6	
-	-	-	-	-	-	-	-	4,815.9	2,170.0	
78,153.2	6.1	19.1	1,017.0	8,674.1	333.3	2,110.9	86,091.9	103,953.3	96,539.7	

Statement of Legal Representatives

We confirm to the best of our knowledge that the consolidated financial statements as of 31st December 2008 give a true and fair view of the financial position, the financial performance, and the cash flows of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and that the consolidated management report as of 31st December 2008 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Company faces.

We confirm to the best of our knowledge that the separate financial statements as of 31st December 2008 give a true and fair view of the assets, liabilities, financial position, and profit or loss of BWT Aktiengesellschaft as required by the Business Code and that the management report as of 31st December 2008 gives a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties the Company faces.

Mondsee, 4 March 2009



Andreas Weissenbacher
Chief Executive Officer



Gerhard Speigner
Chief Financial Officer

Audit Certificate (Independent auditor's report)

Report on Consolidated Financial Statements

We audited the enclosed Consolidated Financial Statements of BWT Aktiengesellschaft, Mondsee, for the accounting year from January 1, 2008 to December 31, 2008. The Consolidated Financial Statements include the Consolidated Balance Sheet at December 31, 2008, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the accounting year ending on December 31, 2008 as well as a summary of the accounting policy applied, and the Notes.

Responsibility of the statutory representatives for the Consolidated Financial Statements

The statutory representatives of the Company are responsible for the preparation of Consolidated Financial Statements providing a true and fair view of the financial and asset position as well as the results of the Group in accordance with the International Financial Reporting Standards (IFRSs) which are applicable in the EU. The responsibility includes: establishing, implementation and maintenance of an internal control system, as far as it is significant for the preparation of consolidated financial statements and provision of a true and fair view of the financial and asset position as well as the results of the Group, so that the consolidated financial statements are free from material misrepresentations, be it because of intentional or non-intentional errors; the selection and application of appropriate accounting policy; preparation of estimates which seem appropriate in consideration of given general parameters.

Responsibility of the auditor of annual accounts

Our responsibility consists in issuance of an opinion on the Consolidated Financial Statements on the basis of our audit. We have conducted the audit in compliance with the statutory regulations applicable in Austria and the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These principles require that we observe the ethics of the profession, plan and conduct the audit in such a way as to form with reasonable assurance an opinion whether consolidated financial statements are free from material misrepresentations.

An audit includes the performance of auditing activities in order to obtain audit evidence with regard to the amounts and other information contained in consolidated financial statements. The choice of auditing activities is at obligatory discretion of the auditor, having regard to his assessment of the risk of occurrence of material misrepresentations, be it because of intentional or non-intentional errors. In the course of performance of the risk assessments the auditor takes into account the internal control system, as far as it is significant for the preparation of consolidated financial statements and the provision of a true and fair view of the financial and asset position as well as the results of the Group, in order to determine appropriate auditing activities taking into account the general parameters, but not to give an opinion on the efficiency of the internal control system of the Group. Furthermore, the audit includes the assessment of the appropriateness of the accounting policy applied and of the significant estimates prepared by the statutory representatives as well as an evaluation of the overall assertion of consolidated financial statements.

In our judgment, we have obtained sufficient and appropriate audit evidence, so that our audit provides a sufficiently sound basis for our audit opinion.

Audit opinion

Our audit did not give rise to any objections.

In our assessment, on the basis of findings obtained during the audit, the Consolidated Financial Statements comply with the statutory regulations and provide a true and fair view of the financial and asset position of the Group as at December 31, 2008 as well as of the results and the cash-flows of the Group for the accounting year from January 1, 2008 to December 31, 2008 in accordance with the International Financial Reporting Standards (IFRSs) applicable in the EU.

Report on the Consolidated Annual Report

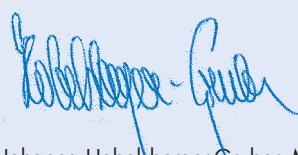
Pursuant to the statutory regulations applicable in Austria, the inspection of the Management Report is to be carried out in order to determine whether it is in accord with the Consolidated Financial Statements and whether the other information in the Consolidated Annual Report does not suggest a misconception of the situation of the Group.

In our assessment, the Management Report is in accordance with the Consolidated Financial Statements.

Linz, March 4, 2009



Erich Lehner, MA
Auditor



Johanna Hobelsberger-Gruber, MA
Auditor

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

**) In case of publication or dissemination of the Consolidated Financial Statements in a form departing from the approved (unabridged German-language) version (e.g. abridged version or translation), can neither the audit certificate be quoted nor our audit referred to.*

Supervisory Board Report

The Supervisory Board exercised its duties and obligations in the 2008 financial year pursuant to the statutory provisions and company articles of association and was informed of the business outlooks, as well as company and Group development in the course of four meetings. Two meetings of the audit committee (composed of three Supervisory Board Members out of six), as well as informal oral and written information exchange supplemented the communications between the Supervisory and the Management Board. The Supervisory Board did not appoint any committees, apart from the audit committee, and all its duties and obligations were discussed and decided by the whole Supervisory Board.

The results of the 2007 financial year were analyzed in detail during the audit committee meeting in March 2008 and it was recommended that the Supervisory Board adopt the submitted annual financial statements. At the same time it was decided to organize a tender for the audit of the 2008 financial statements. Having considered the offers, the Supervisory Board finally decided, upon unanimous approval of the Management Board, to propose the selection of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H with its registered office in Linz, at the General Shareholders Meeting in May 2008. The General Shareholders Meeting also unanimously approved this proposal.

In the 2008 financial year, BWT for the first time exercised its right to buy-back own shares. This measure aimed at repaying capital to shareholders with simultaneous improvement of the capital structure, was executed under two buy-back programs and with the support of the Supervisory Board.

In 2008, BWT took further strategic development steps in the area of the Point-of-use business, making the necessary investments in the atmosphere of the commencing impact of the financial crisis on the real economy and on the market environment of BWT. These points were mainly discussed in detail within the framework of discussions and decisions about the budget for the 2009 financial year.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Linz, selected as auditor of the financial statements during the 18th ordinary General Shareholders Meeting on May 20th, 2008, audited the annual financial statements and the financial report of BWT Aktiengesellschaft as at December 31st, 2008, as well as the consolidated financial statements.

Based on the aforementioned audit the auditor issued the following unqualified opinion on the individual and consolidated financial statements:

- The audit has raised no reservations. Based on audit findings the auditor is of the opinion that the annual financial statements meet the statutory provisions and reflect possibly the most true picture of the asset and financial standing of BWT Aktiengesellschaft as at December 31st, 2008, as well as the results standing of the company for the financial year from January 1st to December 31st, 2008, pursuant to the Austrian principles of diligent accounting. The financial report is congruent with the annual financial statements.
- The audit has raised no reservations. Based on audit findings the auditor is of the opinion that the annual consolidated financial statements meet the statutory provisions and reflect possibly the most true picture of the asset and financial standing of the Group as at December 31st, 2008, as well as the results standing and cash flows of the Group for the financial year from January 1st to December 31st, 2008, pursuant to the International Reporting Standards (IFRSs), as applicable in the EU. The Group's financial report is congruent with the annual consolidated financial statements.

The Supervisory Board approves the annual financial statements of BWT Aktiengesellschaft, as well as the consolidated financial statements as at December 31st, 2008, drawn up by the Management Board. The provisions of § 125 para. 2 of the Companies Act are herewith fulfilled. Moreover, the Supervisory Board supports the proposal of the Management Board regarding the utilization of the annual results.

Mondsee, March 14th, 2009



Dr. Leopold BEDNAR
Chairman of the Supervisory Board

Financial definitions

Depreciation	Depreciation for fixed assets considered in the income statement (profit and loss account)
Book value per share	Equity per share
Call Option	Derivative financial instrument; an agreement that gives an investor the right (but not the obligation) to buy a stock, bond, commodity, or other instrument at a specified price within a specific time period
Capital Employed (CE)	Average used capital in the company defined by equity + net debt
Cash Management	Management of currencies/equivalent net assets of a company with the objective of an efficient use of these assets keeping the company solvent
Forward exchange transaction	Currency transaction, where the fulfillment takes place not immediately after transaction, but at a later time; for hedging changes in currency exchange rates
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBIT- / EBITDA-margin	EBIT / EBITDA in relation to turnover
Equity ratio	Ratio of equity capital in relation to all assets (balance sheet total)
Equity return	Result after taxes in relation to average equity capital; indicates the equity yield rate
EPS	Earnings per Share; group results divided by the weighted number of shares minus own shares
Equity-method	Consolidation method in group accounting for interests between 20% and 50%
Gearing	Net debt in relation to equity capital inclusive minority interests; a measure for the amount of debt
Goodwill	Positive difference between the price and net assets of an acquired company
Hedging	Measures of financial risk management in order to limit or avoid negative market value changes in the interest, currency, market price or raw material prices
Capital costs	Price for the allocation of capital in a broader sense (see also WACC)
KGV	Kurs-Gewinn-Verhältnis = Price-earnings-ratio; measure for the valuation of a share on the equity market
Tax accruals/deferrals	Temporally deviating estimated values in commercial accounting and tax accounting of the subsidiaries and from consolidation procedures lead to tax assets or tax liabilities
Material ratio	Expenditure for material and supplies in percent of the output
Net debt	Balance from financial liabilities minus liquid assets; opposite: net cash
Personnel ratio	Personnel expenditure in percent of total sales
Put Option	Derivative financial instrument; an agreement that gives an investor the right (but not the obligation) to sell a stock, bond, commodity, or other instrument at a specified price within a specific time period
Risk management	Systematic approach in order to identify and to evaluate potential risks and select and implement measures for risk handling
ROCE	„Return on Capital Employed“; NOPAT in relation to the capital employed = net yield on the capital employed: EBIT - group taxes in relation to average capital employed
Treasury	Company function for securing the financing, the financial risk and cash management (see there) of the company
WACC	Weighted Average Cost of Capital; average capital costs, which the company has to pay for debt and equity capital on the financial markets
Interest rate swap	Agreement on the exchange of differing cash flows for a certain period; the cash flows are based on fixed and variable interest rates; for hedging changes of interest rates

Water technology definitions

Absorption	Uptake or dissolving of one substance in another. In the process, substances taken up penetrate into the sorbent.
Adsorption	Accretion of gases or dissolved substances on the surface of a solid substance. This enrichment takes place on the surface only, and is caused by van der Waals' forces. An example is the adsorption of pesticides from water on activated carbon.
Activated carbon	Collective term for a group of synthesized, porous carbons with a spongy structure. This highly porous pure carbon is characterized by a large specific surface area (up to 1100 m ² per gram). Activated carbon adsorbs organic matters from water and air.
Disinfection	Disinfection means the gradation or inactivation of pathogenic microorganisms by chemical agents (disinfectants) or physical processes resulting in disinfection (heat [e.g. steam of 100°C, boiling water], ultraviolet radiation - UV disinfection, ionising radiation).
Softening	Hardness components (calcium and magnesium ions) are exchanged for sodium ions with the aid of ion exchange resins which after depletion are regenerated back by sodium chloride solution. As the sodium salts formed in this way are easily water soluble, no limescale deposits develop in devices or pipes in the process of water heating.
Desalination	Process leading to elimination of dissolved ionic compounds from water by ion exchange, reverse osmosis or electrodialysis.
Deacidification	Refers almost exclusively to the elimination of aggressive carbonic acid which is aggressive to materials and can dissolve metals (iron, lead, zinc, cadmium, copper) from water pipes.
Filtration	Mechanical separation process resulting in separation of a suspension in its components, solid and liquid. As filter material, porous materials e.g. silica sand, filter cloths etc. are used.
Flocculation	Synthetic formation of flocs. In the process, colloids and other particles suspended in water, as e.g. alumina or sludge particles are removed. These particles mostly carry an electric charge, thus they must be destabilized before their separation by adding a flocculating agent.
Hardness	The quantity of hardness components in water, i.e. the sum of carbonate and non-carbonate hardness. Hardness components are primarily the ions of alkaline earth metals, calcium and magnesium, because they form hardly soluble deposits with carbonate and partly also with sulfations (the metals barium, strontium und radium which are also counted among the alkaline earth group occur in natural waters mostly in trace amounts only). In natural waters, carbonate hardness constitutes the main part of the total hardness. It is consistent with the proportion of alkaline earth ions which are present in water as hydrocarbonate and carbonate. The residual hardness components which are present e.g. as sulphates or chlorides are referred to as non-carbonate hardness.
Hard water	Hard water causes calcination of domestic appliances, increases the consumption of detergents, affects the taste and look of sensitive meals and drinks (e.g. tea). Hard water originates from regions in which sandstones and limestones predominate.
Lime and carbonic acid equilibrium	Calcite saturation; formerly: lime and carbonic acid equilibrium. The state of calcite or calcium carbonate saturation in water is achieved when in contact with calcite it tends neither to dissolve nor to precipitate calcium carbonate. If, due to carbonic acid excess, a water falls below its own pH-value of calcite saturation, it has a calcite dissolving effect; in contrast, if the pH-value is exceeded, it causes oversaturation (calcite precipitation). According to the provisions of the Drinking Water Directive, drinking water should not be calcite dissolving, otherwise calcareous materials (e.g. concrete) may be attacked, moreover, the formation of protective layer on metallic surfaces is inhibited. Hence, it is necessary to remove excessive carbonic acid from calcite-dissolving drinking water by deacidification.

Bacterial count	Colony count; expression for the number of visible and countable germinal colonies which have grown from a liquid or solid substance containing bacteria after incubation by mixing with a first liquefied, and then re-solidified medium.
Corrosion	Chemical reactions which develop when metallic materials come into contact with water are called corrosion. The most noted form of corrosion is the formation of rust on iron and metal. For instance, a corrosion form of copper is known by the name of verdigris.
Legionella	Legionellas are rod-shaped bacteria. Apart from legionella pneumophila, the most important species from epidemiological perspective, there are more than 30 further species of which at least 17 are "human pathogenic".
Membranes	Natural or synthesized flat formations which are able to separate fluid phases or even two volumes of a phase with different composition from each other, and their ability consists in enabling mass transfer between them. Depending on the dividing line, a distinction is made between microfiltration, ultrafiltration, nanofiltration and reverse osmosis.
Microfiltration	Membrane separation process (pore size 0.05 to 1.0 µm; usually 0.2 µm) with low pressure (0.5 to 1.5 bar). Both particles and bacteria can be retained.
Nanofiltration	Is a special membrane separation process which retains particles from the size of ca. 1 nanometre (1 nm).
Oxidation	In the process of chemical oxidation, the element or compound oxidised releases electrons and changes into a higher valence stage. Generally speaking, oxidation means the uptake of oxygen. Typical oxidation reactions in water treatment technology are iron and manganese removal, wastewater from chemical and electroplating industries, but also the reduction of organic ingredients.
Ozone	Oxygen molecule formed by three oxygen atoms. It is the strongest oxidising agent used in water treatment which is durable for a short time only.
pH-value	Measured value for the hydrogen ion concentration contained in aqueous solutions, thus the measure for the acid, neutral or basic reaction of a solution. The pH-value ranges from 0 to 14. Acids have a pH-value below 7, and bases above 7. Water in its original form has a pH-value of 7 (neutral). According to the Drinking Water Directive, drinking water must not show a pH-value below 6.5, and not above 9.5.
Process water	Water for the operation or maintenance of an industrial process; the water can come into direct contact with other substances and partly dissolve them or take up undissolved. The requirements on the quality of process water depend on the particular process.
Ultrapure water	Deionised water manufactured from demineralised water by means of additional treatment steps with special mixed-bed ion exchangers, activated carbon adsorbers and microfilters. This water contains only residual contents of dissolved salts and organic compounds in the range of several nanograms.
Pure water	Purified water manufactured by means of ion exchangers, reverse osmosis systems or distillation which still shows a certain residual salt content (e.g. 1 µS/cm or more).
Drinking water	Water which is suitable for human consumption/use and complies with the Drinking Water Directive is referred to as drinking water. The drinking water requirements are defined in EU Guidelines and in the Drinking Water Directive of August 21, 2001.
Ultrafiltration	Membrane separation process (pore size ca. 0.005 to 0.05 µm) under pressure (2 to 10 bar). Particles from submicron range (bacteria, viruses, giardias, cryptosporidia) through to macromolecules can be retained.
Reverse osmosis	Membrane separation process; salt concentrate (brine) forming on the water side of pipes is discharged as wastewater. Water which flowed through the membrane (permeate) is low in salt. The retention rate for dissolved salts amounts 95 to 99%.
UV irradiation	Ultraviolet (UV) radiation is a short-wave, energy-rich, electromagnetic radiation invisible for the human eye which is used for disinfection in drinking water treatment.

BWT Group Locations

Headquarters

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

BWT locations

AUSTRIA

BWT Austria GmbH
A-5310 Mondsee, Walter-Simmer-Straße 4
Phone +43-6232-5011-0
Fax +43-6232-4058
E-mail: office@bwt.at
www.bwt-group.com, www.bwt.at

arcana pool systems gmbh
A-2201 Gerasdorf bei Wien, Brünner Str. 186
Phone +43-2246-28555-0
Fax +43-1-2246-28555-10
E-mail: office@arcanapoolsystems.at
www.arcanapoolsystems.com
www.mypool.at

Manufactur für Glas und Spiegel GmbH
A-9523 Villach/Landskron, Emailwerkstr. 25
Phone +43-4242-41671-0
Fax +43-4242-41671-6
E-mail: office@neher.at
www.neher.at

Office:
water+more Austria
c/o BWT AG
5310 Mondsee, Walter-Simmer-Straße 4
Phone +43-6232-5011-1164
Fax +43-6232-4058
E-mail: info@water-and-more.de
www.water-and-more.com

BELGIUM

BWT Belgium N.V.
B-1930 Zaventem, Leuvensesteenweg 633
Phone +32-2-758 03 10
Fax +32-2-758 03 33
E-mail: bwt@bwt.be
www.bwt.be

Benchem N.V.
B-3190 Boortmeerbeek, Industrieweg 8
Phone +32-16-60 77 71
Fax +32-16-60 75 55
E-mail: info@benchem.be
www.benchem.be

Office:

water+more by BWT Belgique S.A.
1930 Zaventem; Leuvensesteenweg 633
Phone +32-2-758 03 10
www.water-and-more.com

DENMARK

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

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

Office:

water+more Denmark
c/o HOH Water Technology A/S
DK-2670 Greve, Geminivej 24
Phone +45-43- 970 297
www.water-and-more.com

GERMANY

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

FuMA-Tech Gesellschaft für funktionelle
Membranen und Anlagentechnologie GmbH
D-66386 St. Ingbert, Am Grubenstollen 11
Phone +49-6894-9265-0
Fax +49-6894-9265-99
E-mail: office@fumatech.de

D-71665 Vaihingen/Enz, Steinbeisstraße 41-43
Phone +49-7042-97024-0, Fax ext. 99
E-mail: skb@fumatech.de
www.fumatech.de

water+more by BWT GmbH
Spiegelgasse 13
D-65183 Wiesbaden
Phone +49-611-580 19-0
Fax +49-61-580 19-22
E-mail: info@water-and-more.de
www.water-and-more.com

FINLAND

HOH Separatex Oy
P.O. Box 19
Varppeenkatu 28, FIN-21201 Raisio
Phone +358-2-4367 300
Fax +358-2-4367 355
E-mail: hoh@hoh.fi
www.hoh.fi

FRANCE

BWT France SAS
F-93206 Saint Denis Cedex,
103, rue Charles Michels
Phone +33-1-49 22 45 00
Fax +33-1-49 22 45 45
E-mail: bwt@bwt.fr
www.bwt.fr

Office:

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

Cillit

15 a, Avenue de l'Europe
B.P. 80045 – Schiltigheim
F-67013 Strasbourg Cedex
Phone +33-3-90 20 04 20
Fax +33-3-88 83 50 90
E-mail: sebastien.marlier@cillit.tm.fr
www.cillit.tm.fr

CPED SAS – Centre Pilote Eau Douce
14, rue du Petit Albi - BP 38400
F-95805 Cergy Pontoise Cedex
Phone +33-1-34 20 10 70
Fax +33-1-34 20 10 79
E-mail: thierry.tokatian@cped.fr
www.cped.fr

CPS SAS

14, rue du Petit Albi - BP 38400
F-95805 Cergy Pontoise Cedex
Phone +33-1-34 20 10 70
Fax +33-1-34 20 16 89
E-mail: thierry.tokatian@cped.fr

Office:

water+more by BWT
F-93206 Saint Denis Cedex
103, rue Charles Michels
Phone +33-1-64 66-88 35
Fax +33-1-64 77-25 03
www.water-and-more.com

ITALY

Cillichemie Italiana Srl
I-20129 Milano, Via Plinio, 59
Phone +39-02-2046343
Fax +39-02-201058
E-mail: info@cillichemie.com
www.cillichemie.com

water+more Italia S.r.l.
Via Angelo Maj, 10
I-24121 Bergamo
Phone +39-035 210738
www.water-and-more.com

MALTA

BWT International Trading Ltd.
Plaza Commercial Centre
Level 5 - Suite 2A
Bisazza Street, Sliema SLM 1608
Malta
Phone +356-213 20 222
Fax +356-213 20 223
E-mail: jp@bdomalta.com.mt

ANNA International Ltd.
Plaza Commercial Centre
Level 5 - Suite 2A
Bisazza Street, Sliema SLM 1608
Malta
Phone +356-213 35 174
E-mail: office@annafilters.com
www.annafilters.com

NETHERLANDS

BWT Nederland BV
NL-2382 NA Zoeterwoude, Energieweg 9
Phone +31-71-750 36 66
Fax +31-71-589 74 29
E-mail: sales@bwt nederland.nl
www.bwt nederland.nl

NORWAY

HØH Birger Christensen AS
Røykenveien 142
N-1386 Asker

Postal address:
P.O. Box 136
N-1371 Asker
Phone +47-67-17 70 00
Fax +47-67-17 70 01
E-mail: firmapost@hoh.no
www.hoh.no

POLAND

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

SWEDEN

HØH Vattenteknik AB
Jägershillsgatan 18
S-213 75 Malmö

Postal address:
Box 9226
S-200 39 Malmö
Phone +46-40-691 45 00
Fax +46-40-21 20 55
E-mail: info@vattenteknik.se
www.vattenteknik.se

SWITZERLAND

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

Quality Tech AG
Im Grüt 1
4225 Brislach
Phone +41-061-789 25 27
Fax +41-061-789 25 28
Email: info@qualitytech.ch
www.aquavitalis.ch

SPAIN

Cilit SA
E-08940 Cornellá de Llobregat, Barcelona
P. l. del Este, C/Silici, 71 - 73
Phone +34-93-474 04 94
Fax +34-93-474 47 30
E-mail: cilit@cilit.com
www.cilit.com

water+more Iberica S.L.
World Trade Center
Moll de Barcelona, Edificio Sur 2a
E-08039 Barcelona
Phone +34 93 344 32 29
www.water-and-more.com

CZECH REPUBLIC

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

HUNGARY

BWT Hungária Kft.
H-2040 Budaörs, Kamaraerdei út 5
Phone +36-23-430-480
Fax ext. 482
E-mail: info.bp@bwt.hu
www.bwt.hu

UKRAINE

BWT Ukraine Ltd.
Moskovskiy Av. 21 Ä
UA 04073 Kiev, Ukraine
Phone: +38 0440 390 76 18
Fax: +38 044 390 76 19
E-mail: bwt@bwt.com.ua
www.bwt.com.ua

CHINA

BWT Water Technology (Shanghai) Co., Ltd.
No. 248 Xintuan Road, Qingpu Industry Zone,
201707 Shanghai, P. R. China
Phone +86-21-5986 7100
Fax +86-21-5986 7101
E-mail: info@bwt.cn
www.bwt.cn

RUSSIA

OOO BWT
Mr. Dr. Pavel Buinovski
Ul. Kasatkina 3A
129 301 Moscow
Russian Federation
Phone +7 495 686 6264
Fax: +7 495 686 7465
E-mail: info@bwt.ru
www.bwt.ru

Financial calendar 2009:

2008 Annual results (Vienna)	27 March 2009
Annual General Meeting (Mondsee)	20 May 2009
Ex-dividend date	28 May 2009
Dividend payment date	2 June 2009

Letter to Shareholders I/2009	08 May 2009
Letter to Shareholders II/2009	07 August 2009
Letter to Shareholders III/2009	13 November 2009

Imprint:

BWT Annual Report 2008

Copyright:

BWT Aktiengesellschaft

Edition and Layout:

BWT Aktiengesellschaft

Information and Inquiries:

BWT Aktiengesellschaft

A-5310 Mondsee

Walter-Simmer-Straße 4

Phone +43-6232-5011-1113

Fax +43-6232-5011-1191

E-mail: investor.relations@bwt-group.com

www.bwt-group.com