2015 BWT ANNUAL REPORT

For You and Planet Blue.

BWT BEST WATER TECHNOLOGY

JUST AS YOU HAVE TO UNDERSTAND HUMANS TO KNOW THEIR NEEDS,

YOU HAVE TO UNDERSTAND WATER TO DESIGN IT.

The Best Water Technology Group (BWT) is Europe's leading water technology company. BWT's 3,300 employees aim to supply private, industrial, business, hotel and public sector customers with innovative, economical and ecological technologies that guarantee maximum safety, hygiene and health in the daily use of water. BWT provides state-of-the-art water treatment technologies and services for drinking water, pharmaceutical water, process water, heating water, boiler water, cooling water, water for air-conditioning systems and water for swimming pools. Our Research & Development teams use the latest methods developed to work on new processes and materials to create products that are both ecological and economical. A key development issue is a reduction in the products' consumption of operating resources and energy to minimise CO_2 emissions.

BEST WATER TECHNOLOGY

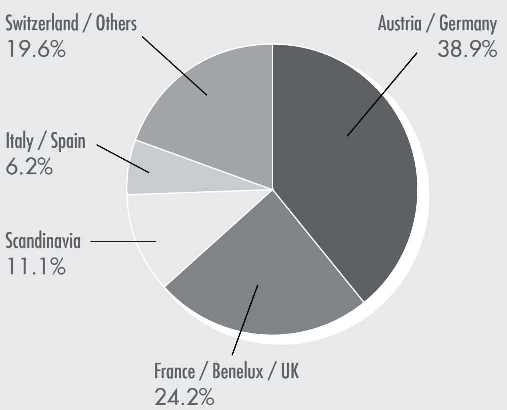
For You and Planet Blue.

Overview		IFRS	IFRS	IFRS
		2015	2014	2013
Consolidated group sales	million €	535.3	505.3	507.7
EBITDA	million €	49.0	45.7	41.0
EBIT	million €	19.3	25.8	23.1
Earnings before taxes	million €	16.6	19.1	18.1
Consolidated net earnings	million €	8.9	10.5	10.8
Cash flow from operating activities	million €	45.9	39.5	31.5
Number of shares as of 31/12 (excl. own shares)	million	16.8	16.8	16.8
Earnings per share	€	0.63	0.61	0.64
Dividends and bonus per share	€	0.20*	0.28	0.28
Investment in tangible and intangible assets	million €	14.4	25.4	34.7
Equity	million €	183.3	170.9	172.6
Employees as of 31/12	persons	3,276	2,587	2,643

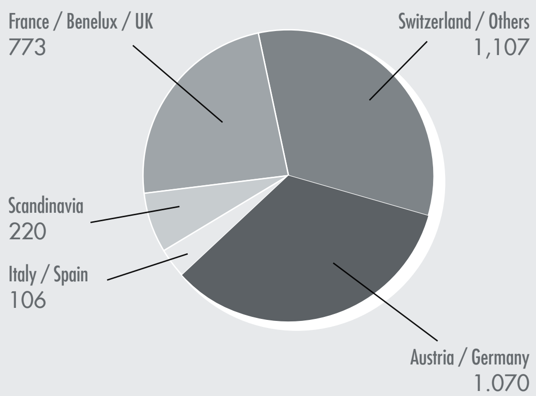
*) Proposal to the AGM **) Spin-off of AST-segment as of end October 2005

Summary of balance sheet	2015		2014	
ASSETS	million €	%	million €	%
Non-current assets	182.2	40.2%	182.8	44.8
Current assets	271.2	59.8%	225.2	55.2
TOTAL ASSETS	453.4	100.0%	408.0	100.0
EQUITY AND LIABILITIES			million €	%
Equity	183.3	40.4%	170.9	41.9
Non-current liabilities	131.3	29.0%	121.8	29.8
Current liabilities	138.8	30.6%	115.3	28.3
BALANCE SHEET TOTAL	453.4	100.0%	408.0	100.0

Sales 2015 by business segment (in %)



Employees by business segment as of 31/12/2015

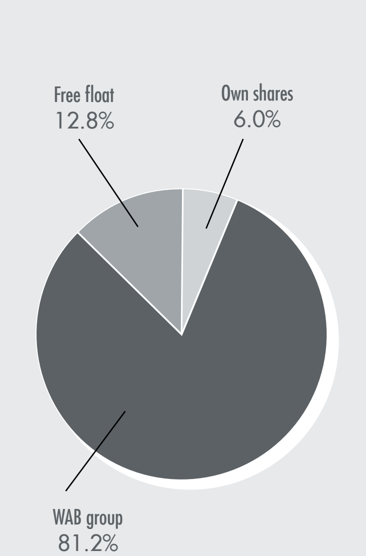


IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
2012	2011	2010	2009	2008	2007	2006	2005**
502.3	478.9	460.7	400.7	410.2	397.5	362.0	463.5
40.8	39.1	47.2	45.7	40.2	45.3	40.9	36.8
22.2	21.7	31.5	26.8	29.2	36.3	32.6	27.0
20.7	19.9	31.2	30.3	27.0	35.3	31.8	25.7
14.4	13.8	22.8	23.1	20.6	26.3	22.2	19.0
30.1	26.4	34.3	49.7	28.1	22.5	26.9	26.4
16.8	16.8	17.2	17.4	17.5	17.8	17.8	17.8
0.87	0.80	1.32	1.32	1.16	1.48	1.24	1.06
0.28	0.28	0.40	0.40	0.38	0.38	0.35	0.30
36.3	21.6	14.9	9.7	16.6	13.9	10.2	11.2
168.4	162.6	163.9	152.8	138.2	129.6	109.2	93.3
2,726	2,689	2,820	2,701	2,389	2,354	2,202	2,007

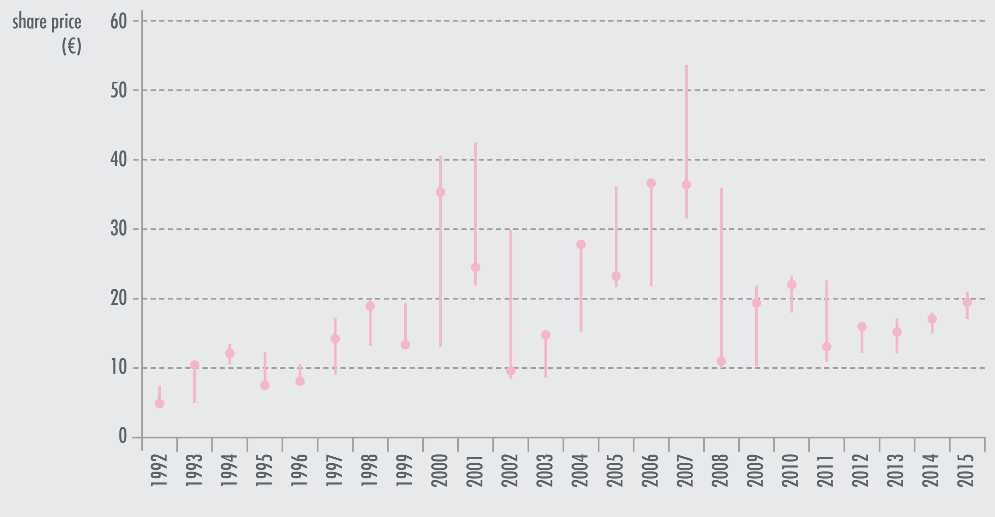
Share price		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
High	€	21.00	18.00	17.17	16.03	22.62	23.22	21.84	35.94	53.69	36.63	36.15
Low	€	17.04	15.00	12.1	12.17	10.90	17.97	10.26	10.00	31.54	21.78	21.65
Closing price	€	19.50	17.06	15.25	16.00	13.06	22.00	19.39	11.00	36.40	36.50	23.25
P/E (closing price)	€	31.0	28.0	16.2	18.4	16.3	16.7	14.7	9.5	24.6	29.4	21.9
Market cap in million	€	348	304	272	285	233	392	346	196	649	651	415

IPO price 1992: € 7.45

Shareholder structure



Share price chart 1992–2015



Source: Wiener Börse AG

Foreword by the Chairman of the Executive Board

Dear business associates, shareholders and friends of BWT,

BWT – 25 years young! In 2015, we got to celebrate a very special anniversary of a unique company in an extraordinary market. With around 3,300 employees and thousands of global sales partners that generate revenues in excess of € 500 million, BWT is now the number 1 water technology company in Europe. Thanks to our passion for water technology innovations, which is at the heart of all we do, the significant investments we have made in our locations over the past few years and our hard work – in 2015 as always – "BWT – For You and Planet Blue" has a big future!

Safety, hygiene and health in our daily contact with water – the elixir of life – is an absolutely key issue when it comes to globalisation, which continues to grow in importance against a backdrop of climate change and population growth. But despite the numerous marketing initiatives, our consumer strategy featuring advertising campaigns, and the growing global sales and partner network, there is still little information out there on what BWT is really capable of achieving in the water treatment industry. Therefore, in 2015 we took an interesting step by opening advice and flagship centres in an attempt to give our customers and partners in selected countries a new kind of access to BWT products.

This is enabling an increasing number of consumers to discover that BWT water makes all the difference, because not all water is the same. A fresh taste with BWT Magnesium mineralised water; an enveloping aroma of coffee and tea; smooth skin and silky, shiny hair; soft clothes; sparkling clean glasses and crockery; protection for your valuable household installations and investments – "BWT does that – for you!"

Since 2011 – so for the past five years – we have been systematically implementing our consumer strategy. The consumer and growing brand awareness of "BWT – For You and Planet Blue" are the linchpins of this strategy, both in the Point of Entry segment and in the still fledgling Point of Use (PoU) segment. This is underpinned by our strong, comprehensive range of products from the BWT Magnesium Mineralizer and the BWT table water filter through to the pearl water strategy for households right up to highly purified water systems for the pharmaceutical and biotech industry. Despite the difficult general economic climate, we achieved revenue growth in a number of countries, with the PoU business again generating double-digit growth (up 28.6%).

BWT innovations are the key and a source of strength when developing our markets. Many of our products and systems have been benchmarks in the water technology industry for a number of years, which makes them leading products on the market. For example, in 2015 we sold our thousandth PERMAQ Pico to our customers. They opted for maximum reliability and hygiene standards when choosing to buy this product. The leading compact reverse osmosis system is being used not only in laboratories and medical facilities, but also in specialist plant engineering. Further product highlights included the introduction of the new large-scale water softening system AQA perla Professional and AQA smart plus as well as the BWT "ReinHEIZgebot" heating protection programme and the new BWT Multistill, which produces highly purified water (HPW) for the pharmaceutical and biotech industry. In the Pharma and Biotech segment, 2015 marked the development of a new process for disinfecting brine in water softeners. The brine is an important medium for regeneration of the ion exchange and is disinfected on a continuous basis with the help of electrolysis to prevent germs from settling. Dental practices are being supported with a specialist filter cartridge for water treatment in autoclaves, which require pure, demineralised process water. In 2015, the Point of Use segment specialised in developing a process for coffee machines to ensure optimum aroma and an impressive crema. With the help of membrane technology, up to 98% of interfering substances are filtered from the drinking water, adding ions such as calcium and magnesium, which are so important for taste.

We are fully aware of our responsibility and want to help ensure growth, hygiene and quality of life, without using up an ever-greater number of resources in the process. In 2015, we invested € 10.6 million in research and development.

Acquiring the Mettem Technologies Group has given us a point of entry to the large Russian consumer market with a large PoU product portfolio, the BARRIER brand, a large-scale distribution chain and an R&D centre. In 2015, our delight at the new joint growth opportunities was dampened by changes in foreign exchange rates and necessary write-downs, but this does not detract from the market opportunities available to us.

Despite the crisis-riddled years since 2008, BWT has undertaken important programmes of investment, launched its consumer strategy and increased revenues by over 30%. While the global economy looks healthy on the surface, the historic liquidity glut of the central banks and the extraordinary interest rate environment are still clear indicators of crisis management. The debt issue and growth are signs of an extremely fragile situation – especially in Europe. At around 1.6%, growth in the euro zone did not pick up as much as expected in 2015. Important major countries such as Italy (+0.9%) and France (+1.1%) posted only moderate growth. But there are rays of hope: the economies of Eastern Europe – with the exception of Russia (-3.8%) – grew by 3–4% on average and even in China (+6.8%) the economy did not cool down as dramatically as initially feared on the capital markets.

The BWT Group improved its revenues from € 505.3 million to € 535.3 million. In addition to strong growth rates of 28.6% in the Point of Use business, key European markets also saw growth in revenues. However, there is a palpable reluctance to invest in some countries and segments. The Group's EBIT declined by 25.0%. Aside from the increased advertising expenditure, impairments on account of the weak market situations in individual regions and business segments were a main contributing factor. Unfortunately, the net result was not as positive as anticipated either, and we posted a loss of 15.2%.

On the other hand, we are proud of the fact that we managed to reduce net debt – despite the investments made in our assets as well as in the acquisition of the BWT BARRIER Group and in marketing. Equity increased to € 183.3 million and the balance sheet figures show a healthy company, on the basis of which we are able to systematically press ahead with our strategy.

At this point, I would like to particularly thank our Supervisory Board, our committed employees, and our loyal sales and business partners for their successful and constructive cooperation over the past year. I thank you for your confidence and would be happy to continue along this path together with you!

Yours

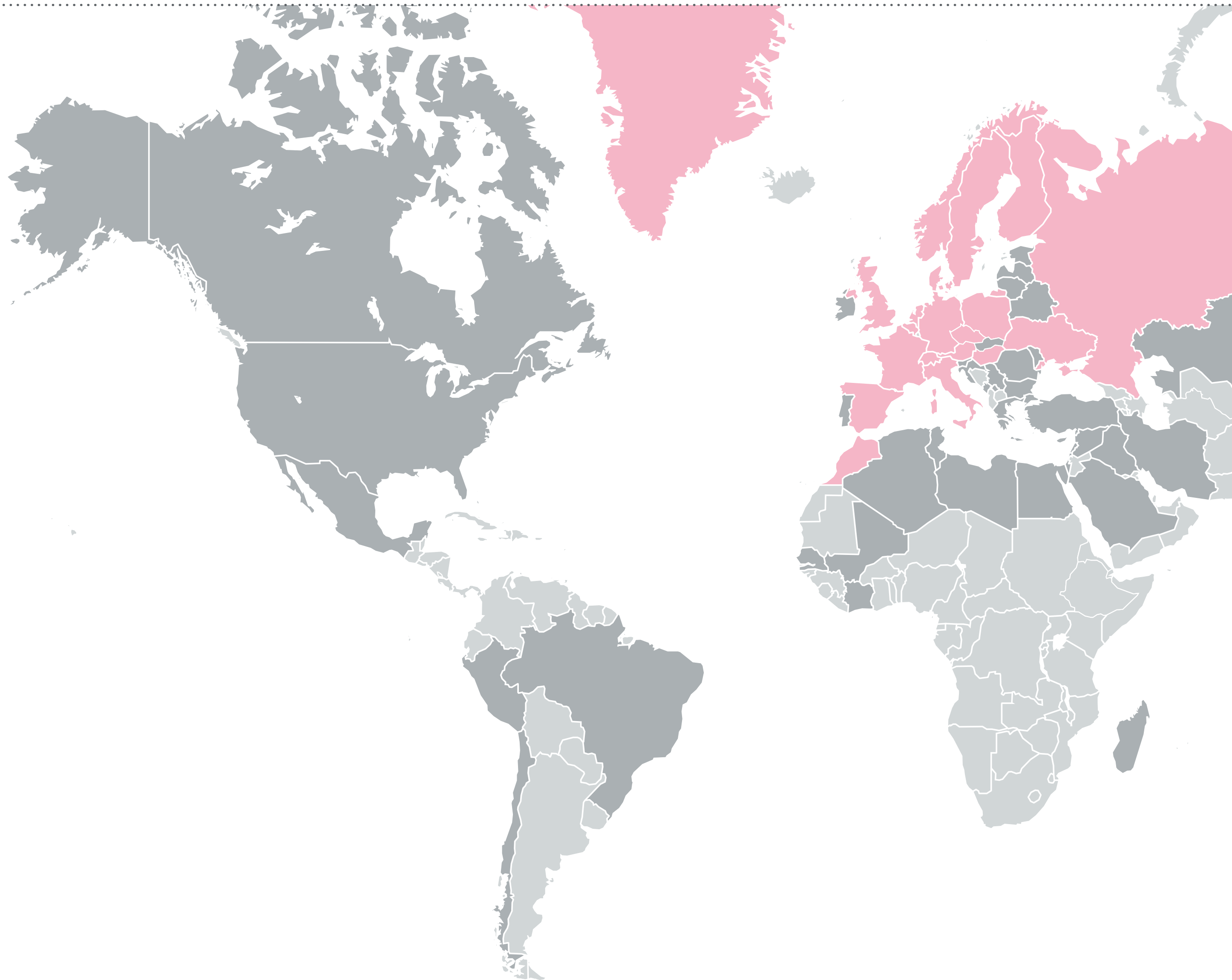

LIFE IS BEAUTY
/// JUST ADD WATER

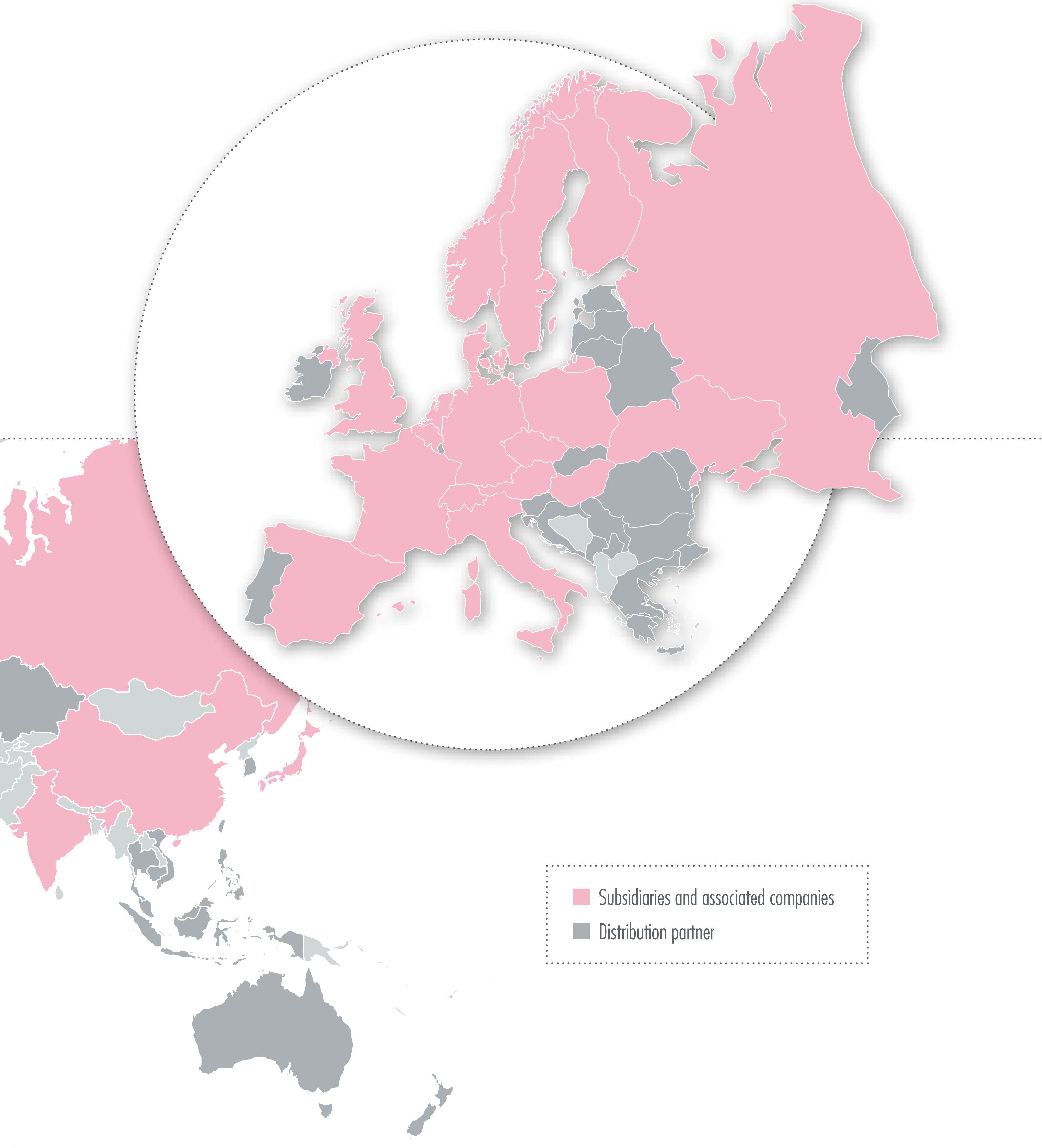
WATER IS SENSUOUS. IT PAMPERS THE SKIN AND CARESSES THE SOUL, GIVING YOU A FEELING OF PLEASURE AND WELL-BEING.

Silky-soft BWT pearl water can do even more. Smooth as the surface of a pearl and as bubbly as champagne, the BWT AQA perla pearl water system gives you an authentic spa feeling in the comfort of your own home and allows you to indulge daily in a refreshing shower experience. It looks after the acid mantle of your skin during bathing and showering and cares for your hair as you wash it, leaving it silky and shiny. True to our motto: beauty starts with water.

BWT – Europe's leading water technology group

- 82 subsidiaries and associated companies
- 5 main production locations
- 3,276 employees
- € 535,3 million sales
- Research and development departments in France, Germany, Switzerland, Austria and Russia
- World leading know-how in all areas of water treatment




Subsidiaries and associated companies
Distribution partner

Supervisory Board

from left to right: Dipl.-Vw. Ekkehard Reicher, Mag. Dr. Leopold Bednar, Gerda Egger, Dr. Helmut Schützeneder, Dr. Wolfgang Hochsteger

DIPL.-VW. EKKEHARD REICHER, OBERALM

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

MAG. DR. LEOPOLD BEDNAR, VIENNA – CHAIRMAN

Consultant;
Chairman of the Supervisory Board of BWT AG since 1991.

GERDA EGGER, GOLLING

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

DR. HELMUT SCHÜTZENEDER, LINZ

Consultant;
member of the Supervisory Board of BWT AG since 2011.

DR. WOLFGANG HOCHSTEGER, HALLEIN – DEPUTY CHAIRMAN

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

Management Board

ANDREAS WEISSENBACHER

Chief Executive Officer (CEO)
since1991

Responsible for the operating business and the departments Research & Development, Purchasing, Human Resources, Marketing and Investor & Public Relations.

GERHARD SPEIGNER

Chief Financial Officer (CFO)
since1996

Responsible for the departments Finance, Law, Compliance, Taxes, Information Technology, Law, Taxes and Risk Management.


LIFE IS TASTE
// JUST ADD WATER

FOR COFFEE AND TEA LOVERS, IT HAS LONG CEASED TO BE A SECRET: IT'S THE WATER THAT MAKES ALL THE DIFFERENCE.

After all, just by adding the "secret" ingredient magnesium – this precious mineral really enhances taste – ordinary water becomes a real flavour booster for exquisite beans and delicate leaves. This is why BWT has developed a unique range of water filters – from table water filters and tank cartridges for coffee machines right through to under-the-sink filters – that continuously enrich the filtered water with magnesium. For more taste in an instant – intense, flavourful, healthy.

Water – source of life

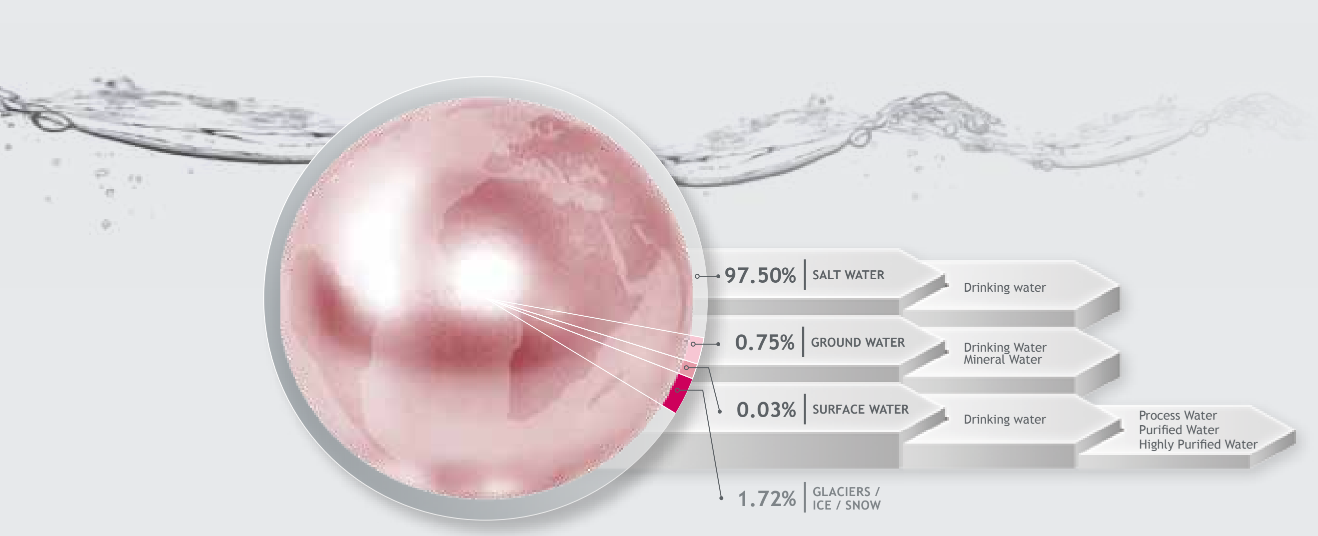
Water is our elixir of life – and one of the major challenges of the 21st century. The main reasons for this are a growing world population, changing consumption patterns with rising water consumption, increasing water pollution and rapidly expanding urbanisation.

There are alternative sources of energy, but there is no alternative to water.

Water covers over 70% of the Earth's surface. Humans themselves are made up of approximately 75% water when they are first born and the water content of an adult human body is still over 50%. As a result, humans can only survive for a few days without fluid intake, while nature and its prosperity are also dependent on a plentiful and regular water supply.

Global water resources are limited, equalling some 1.38 billion cubic kilometres. This seemingly almost inexhaustible supply of water is put into stark perspective by the fact that around 97.5% is salt water. Another 1.7% of global water resources are retained in glaciers, ice and snow. This ultimately leaves just under 1% of the original quantity that is available to people as life-sustaining freshwater.

The earth´s water reserves



Source: Goldman Sachs 2013

From a global perspective, water resources are unevenly distributed. Although Europe has relatively few raw materials, it is rich in water. In Africa, the overall situation is completely the opposite. The average European requires between 150 and 400 litres per day for own consumption. A US citizen uses around twice as much of the precious liquid, namely 560 litres per day. In China, by comparison, this figure is just 130 litres and in many developing countries individual demand is less than 50 litres/day. Average per-capita consumption in Austria is approximately 135 litres/day. Overall, annual demand for water in Austria is approximately 2.5 km^3 (2.5 billion cubic metres). Approximately two-thirds of this goes to business and industry, just under a third to households and just under 7% to agriculture. With an annual water supply of around 77 km^3, use in Austria is therefore only around 3% of the amount available per year.

However, the value that can be read off the water meter in your home is merely a fraction of the water quantities actually consumed by society. We live today in the belief that a person in Austria only consumes an average of 135 litres of water per day, but the actual figure is estimated to be thirty times this amount. These calculations are the work of British professor John Anthony Allan, who coined the term "virtual water" back in the 1990s. In these calculations, water consumption at the location of consumption is combined with water consumption at the production location in a model. The biggest user of water in global terms is agriculture, with around 70% of total abstraction. Water demand for animal and plant products is correspondingly high. In total, one kilogramme of beef and a litre of milk are estimated to require 15,500 litres and around 1,000 litres of water respectively. Industrial products such as cars (400,000 litres of water) and PCs (20,000 litres of water) also involve immense masses of "hidden water". The same applies to a pair of jeans (11,000 litres of water).

Key industries and energy and electricity producers are particularly dependent on water – around 90% of electricity generation worldwide is water-intensive.

Water – a resource and human right worth protecting

Nowadays water is also referred to as the "blue gold" or the "oil of the 21st century", illustrating that our source of life is progressively becoming a lucrative commodity that is worth protecting.

The "right to access clean water" was acknowledged as a human right on 28 July 2010 by the United Nations (UN) General Assembly. The resolution is not legally binding for the 192 states of the United Nations, but has a high political profile.

The quality of drinking water is essentially defined by standards set by the World Health Organisation (WHO, Guidelines for Drinking Water Quality), on which the EU's Drinking Water Directive (EC Directive 83/98) and national regulations on drinking water are based. As part of these standards, the WHO has defined recommendations and testing parameters for water quality for 200 substances.

At European level, EU regulations on drinking water have been in place since 1975. The European Water Framework Directive entered into force in 2000. It states that water is not a mere trade commodity but an inherited resource that must be conserved, protected and suitably treated. The European Water Directive sets environmental targets for all surface water and groundwater sources in Europe. The directive aims to protect these water sources, prevent their degradation, and protect and improve the condition of terrestrial ecosystems and wetlands that depend directly on the water balance of these sources.

In 2012, a blueprint for protecting European water resources was enacted by the European Commission. The paper is based on the current level of implementation and success of the European Water Framework Directive. In light of the fact that about 50% of all water sources reached the status required by 2015, there is an urgent need for action. Through this paper, the EU Commission is seeking to significantly increase the obligations of the Member States and to advance the implementation of the Water Framework Directive. First and foremost, this is to be accomplished by promoting the implementation measures, through cross-area political collaboration (such as the agricultural, fishing and energy sectors) and by adapting and developing legal requirements.

The approach to water is also regulated by national law, for example in Germany through the German Drinking Water Ordinance or in Austria through the Austrian Water Act.

Water – the global challenge of the 21st century

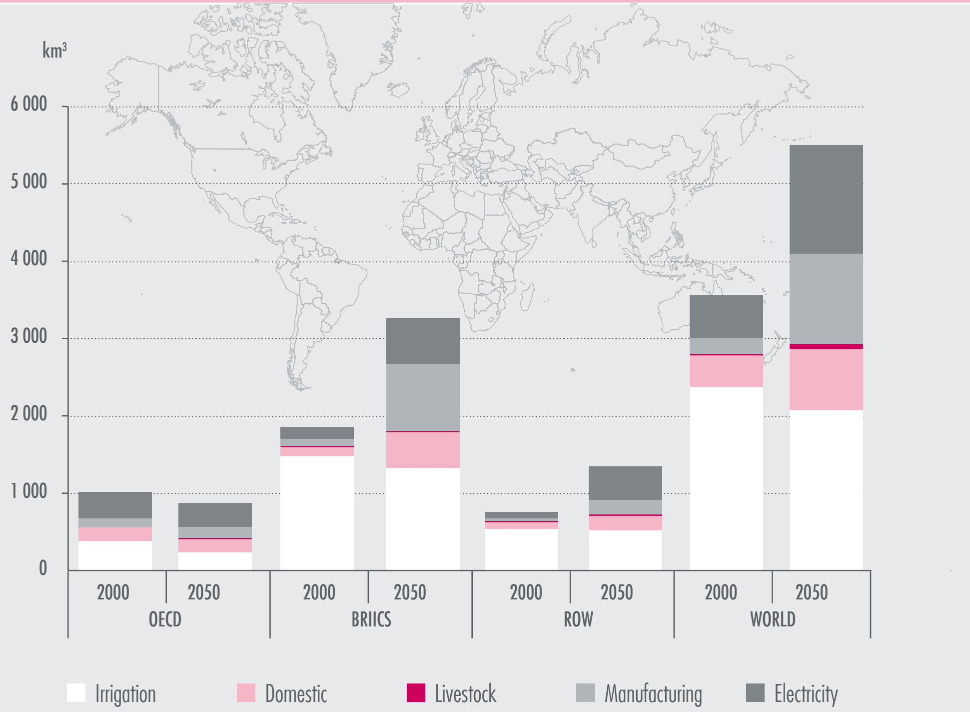
According to statements by the WHO, drinking water supply has been improved for 2.6 billion people since 1990. Nevertheless, according to the UN there are still 748 million people worldwide affected by insufficient access to clean water. Inadequate sanitary facilities such as toilets or latrines continue to be a problem for 2.4 billion people. Contaminated drinking water is the main cause of cholera and diarrhoeal diseases worldwide, and in developing and emerging countries these diseases are often fatal. UNICEF estimates that 1,000 children under the age of five die every day as a result of contaminated drinking water.

The thirsty planet

By 2050, global demand for water is expected to rise by 55%. This is due to the increasing needs of a growing population with changed lifestyles and patterns of consumption. In percentage terms, the biggest increases are attributable to industry (+400%), electricity production (+140%) and households (+130%). By contrast, the forecasts suggest that consumption in agriculture, currently the sector with the highest demand at 70%, will fall slightly. This additional demand for water is increasing the existing pressure on limited natural resources and ecosystems considerably. Groundwater supplies are set to decrease. As a result, more than 40% of the world's population will likely be living in areas with considerable water stress in 2050.

It can therefore be assumed that the situation regarding water will intensify dramatically in the coming years and decades. Water is the global ecological, social, political and economic challenge of the 21st century.

Global water demand (freshwater withdrawals): Baseline Scenario, 2000 and 2050



Source: UN World Water Development Report, 2014

Environmental challenges

Water stress and water shortage
Around a quarter of global water demand is already covered by groundwater. In industrialised nations, use of groundwater reserves is often very low, while in developing nations it is very high. Groundwater abstraction is often so high here that nature cannot make up for it with its own groundwater reserves. This results in a decrease in groundwater levels, which has already taken on dramatic proportions in many regions.

Water pollution
Research carried out in some European countries has shown that, in spite of the construction of wastewater treatment plants, problematic chemicals continue to enter water sources. Toxic nitrogen compounds like nitrites and ammonium, pesticides and nitrates appear more frequently in the outflows of treatment plants when there is heavy rainfall. A further problem is caused by the increasing number of new substances and compounds (e.g. nanoparticles) and endocrine substances, such as the toxic group of chemicals known as nonylphenol ethoxylates (NPEs). These substances are finding their way into the oceans as a result of textile production in low-wage countries, and are damaging aquatic organisms – even in low concentrations. Hormonally active NPEs are also entering the water cycle via leftover residues on textiles.

Climate change and natural disasters
Over the next few decades, the global water balance will change noticeably in a great many regions. According to the Intergovernmental Panel on Climate Change, drought areas will continue to spread, heavy precipitation events will increase, and glacier and snow areas will diminish. Climate change will see mountains lose their storage function to a large extent. The global decline of forest areas represents another threat to freshwater resources. Forests play an instrumental role in regulating freshwater flows and maintaining the water quality.

Water-related natural disasters are arguably the most economically and socially dangerous threats, and they may become more frequent as the climate changes. A sophisticated floodwater management policy, early warning systems and campaigns to raise the awareness of the population are all extremely cost-intensive.

Degraded soils
Every year, around 6 million hectares of usable agricultural land is lost. The main reasons for this are settlement and the erosion of fertile soils. Much of the land has since become irrevocably damaged and barren, robbing the surrounding populations of their livelihood. Besides the loss of soil as a nutrient base, soil degradation is also disturbing biogeochemical material cycles, such as the water cycle. Soil loss also impairs the soil's capacity to store greenhouse gases, thereby intensifying climate change. Roughly 1.5 billion people are affected by the problem of unfertile soils. Approximately half of these people live in the poorest regions of the world, primarily in the South Sahara and in India.

Social challenges

Population growth
UN forecasts indicate that the world population will grow from its current figure of around 7.3 billion people to 8.5 billion by 2030 and 9.6 billion people by 2050. Half of this population growth is expected to occur between 2015 and 2050 in nine countries including India, Nigeria, Pakistan, the Democratic Republic of the Congo, Ethiopia, Tanzania, the USA, Indonesia and Uganda – all regions in which water supplies are already scarce.

Urbanisation

The development of cities with a population of over a million continues unabated. According to the UN, in 1950 there were just 77 of these cities worldwide with over 1 million inhabitants. In 2000, the figure was 361 and in 2015 these megacities had risen to a whopping 501 – and this number is growing. Nowadays 54% of people (3.9 billion) live in cities, 30% of them in slums. By 2050, approximately 2/3 of the world's population will live in cities and both the largest and fastest development of these cities will occur in developing countries, in particular Africa and Asia. Water supply and disposal problems are thus inevitable. Cities obtain most of their water from groundwater reserves. In many cases, the volume withdrawn exceeds the natural ability of the sources to regenerate, and the groundwater level drops. Around 90% of urban wastewater in developing countries is released untreated into the surrounding rivers, lakes or the ocean, causing environmental and health risks.

Food security

Around the globe, the largest quantities of water are required for agriculture. This sector accounts for around 70% of global demand for water, while industry consumes 18% and households 12%. So far, only around a fifth of all agricultural land is irrigated. However, irrigation generates crop yields that are considerably higher, 2.7 times higher on average than when rainwater is used. In correlation with population growth (around 60% more food will be needed worldwide by 2050) and the simultaneous reduction in usable agricultural land, it is likely that the available land surfaces will be used more intensively and therefore irrigated.

Energy supply

Not only will the demand for food rise, but energy demand will rise, too, in line with the growing population and growing affluence. By 2035, global energy demand is expected to rise by over a third, with China, India and the Middle East accounting for around 60% of this increase. The International Energy Agency estimates global water abstraction for energy production at 583 billion cubic metres for 2010 (around 15% of total water abstraction worldwide). An estimated 66 billion cubic metres of water were used for this purpose and were therefore not returned to the water cycle. Estimates suggest that water abstraction could rise by 20% and water consumption by 85% by 2035. This is due to a conversion to more water-intensive forms of energy production and the expansion of biofuel production.

Political and economic challenges

Stricter limits on water contaminants

Improving and increasing safety standards for water and water installations goes hand in hand with dynamic development of legislation. This is mainly reflected in the reduction of limits and the introduction of new limits for contaminants in water. International and transnational cooperation on a political and economic level must also be intensified. There are 276 transnational river basin development areas around the world and 148 countries are involved in developing them. Many of the existing and potential conflicts involving the precious resource of water can only be resolved through international cooperation.

Water and energy efficiency

Water is the medium par excellence in energy transfer for cooling and heating. The significance of good water quality for energy efficiency and for the protection of costly investments in households and businesses is being increasingly acknowledged, resulting in strongly growing demand for heating water treatment. The use of processing and cooling water in industry also needs to be optimised in terms of resources.

Ageing infrastructure

Developing and emerging countries are faced with the immense challenge of developing a functioning infrastructure for water supply and disposal. For developing countries alone, the annual amount of investment required to finance water, sanitation and sewerage systems is estimated at US$136.5 billion. However, in industrialised nations where supply networks were developed back at the start of the 20th century, there is a considerable need for action, too. Drinking water and wastewater pipelines have an estimated useful life of 60 to 80 years depending on the material they are made of and have, in many cases, reached the end of their ability to function properly.

Water – our mission

All these challenges are the source of our corporate objective of ensuring hygiene, safety and health in everyday contact with water, the elixir of life. Enjoyment, protection and efficiency are top priorities with a view to comfort and sustainability. The vision of the Best Water Technology Group is to become the world's leading water technology group. We are pursuing this vision with a clear growth strategy – growth through innovation, geographic expansion and continuous process optimisations, and, in existing markets, through existing technology.

BWT products are to be found wherever water is present!

Our philosophy "BWT – For You and Planet Blue" is aimed at people's needs for high-quality water with due consideration of environmental aspects. The BWT Group is Europe's leading water technology company. BWT provides state-of-the-art water treatment systems and services for drinking and mineral water; pharmaceutical and biotech water; boiler water, cooling water and water for air-conditioning systems; process water; water for heating systems as well as swimming-pool water for customers in private households, industry, business, hotels and local authorities. Another key aspect is compliance with all legal requirements, as water is the most strictly controlled food substance in many countries.

In addition to all the macro-economic challenges mentioned in relation to water, there are a number of individual trends that present high growth potential in the water business for the BWT Group.

Consumption patterns

On the one hand, we are seeing abundance and excess weight and, on the other, hunger and malnutrition. New challenges are coming to the fore in the form of under- and malnutrition. Undernutrition is becoming more and more prevalent in highly populated emerging countries, where prosperity is on the rise and a growing percentage of the population is living in cities. This is resulting in changes to dietary habits. As demand for food that is high in fat and protein grows, so, too, does the demand for water-intensive foodstuffs like meat. This phenomenon is also known as a "westernisation of diets". This refers to the shift in food consumption towards more meat and milk products, towards heavily processed foods and ready-made products, as well as towards sugary foods and drinks, fats and oils. But it is not just consumption preferences that are changing, but consumption itself that is on the rise.

Increasing requirements for water quality
Aside from the lack of water availability, the unsatisfactory quality of water is another major problem. Nitrate, arsenic, heavy metals and bacteria contaminate surface water and groundwater in many regions of the world, which is why many people buy bottled water instead. With the help of professional water treatment, substandard water can be transformed into high-quality drinking water, thus helping to reduce the dependency on bottled water.

Water quality as a competitive factor
As a result of increasing consumer requirements, water is used more and more as a factor for differentiation and competition. The hotel, catering and wellness industries in particular rely heavily on the very highest water quality. From drinking water and pool water to water for coffee and tea, water quality plays a decisive role in ensuring success with customers. It is in the Pharma and Biotech segment where we set ourselves the highest quality requirements, where we must ensure absolute reliability in connection with the manufacture of pure and ultrapure water.

Water – a market with considerable growth potential

According to Global Water Intelligence and studies by Deutsche Bank (2010) and Goldman Sachs (2013), the volume of the global water market is between US$300 billion and US$500 billion. Based on estimates from 2012, the European Commission even estimates that the global water market will reach a volume of US$1 trillion by 2020 and then double by 2030.

Therefore, the global water market holds sufficient potential for commercial enterprises. In industrialised nations, within the next few years, growth of 3% to 5% (USA and Western Europe) is expected as a result of improvements in existing water and wastewater infrastructure, while in developing markets, growth of 10% and more is expected (China and India) due to the construction of new water and wastewater infrastructure. A wide range of technologies are required for this. There is likely to be a particularly sharp rise in demand for technical equipment (e.g. pumps and fittings), filtration plants, disinfection processes, efficient irrigation technologies, desalination and treatment plants for seawater, and efficient sanitation facilities.

The amount of investment required in the global water business is equally vast, with priorities varying considerably from one region to another. In the future, industrialised nations will have to invest more heavily in modernising their existing water infrastructure. In the OECD nations alone, the annual amount of investment required is estimated at US$200 billion. By contrast, in developing and emerging countries, the focus is on putting in place a water infrastructure that can cope with the rapid development of population and industry. Overall, the annual amount of investment required in the global water business is estimated at around €400 billion to €500 billion.

The target market of the BWT Group comprises compact water treatment products for households, businesses, industry, hotels and local authorities. We estimate the volume of the European market for water treatment systems in the domestic technology sector (Point of Entry) at around €1.6 billion, with annual market growth estimated at between 2% and 3% per year. The Point of Use (PoU) segment, where water is treated at the abstraction point, still has a smaller market volume in Europe, although this market promises higher growth rates. The market structure is mostly dominated by local providers; the BWT Group is one of the companies operating internationally and is the market leader in Europe.


BWT
Forze
SCHUBERG PHILIS
Huisman
H2
BWT
bürkert
BALLARD
Chroma
imbema
LIFE IS SPEED
/// JUST ADD WATER

FROM ZERO TO A HUNDRED IN LESS THAN FOUR SECONDS. MAXIMUM SPEED OF 210 KILOMETRES PER HOUR.

At least 100 and up to 190 kilowatts of power when needed (between 135 and 258 horsepower). Everyone is talking about the Forze VI fuel cell racing car, which is powered from the reaction between three kilograms of hydrogen – compressed at a pressure of 350 bar in two separate tanks – and oxygen taken from 5,000 litres of air. The core of the fuel cell is a high-performance membrane from FUMATECH BWT, which is one of the world's leading providers of membrane products.

Highlights 2015

- Acquisition of BWT BARRIER Group, Russia
- Innovations in water technology group
- Revenues € 535.3 million, EBIT € 19.3 million, net result: € 8.9 million
- Healthy balance sheet: equity ratio 40.4%, gearing 5.1%

BWT Value Strategy

VISION
BWT – The Leading International Water Technology Group

STRATEGIE
Growth
- through innovation
- through geographical expansion
- in existing markets with existing technologies
- through continously improving processes

FINANCING OF GROWTH
Long-term from organic cash flow

ECONOMIC ENVIRONMENT

The economy in the euro zone slowly regained its stride in 2015. Compared with the previous year, aggregated GDP in the European Monetary Union increased by 1.6%, driven by steady consumer demand and the expansive monetary policy of the ECB. In comparison, Austria's economy recovered tentatively with growth of 0.8%, which is attributable in part to the restrained export and investment behaviour of domestic companies. In France, too, the growth rate was below the level of the euro zone as a whole at 1.1%, whereas Germany can look back on a relatively good financial year in 2015 with GDP growth of 1.7%. The southern peripheral countries presented a mixed picture, with Spain consolidating its economic recovery (+3.1%) and Italy having to battle with structural problems (+0.9%).

The USA posted strong economic performance in 2015 with growth of over 2.0% for the second consecutive year, which positively impacted the global economy and international trade. By contrast, a dampening effect was caused by the slowdown in growth in China, where GDP growth slipped below the 7% mark for the first time in more than two decades. This continuing trend is likely to curb global economic growth in 2016 as well. As such, for the euro zone only slightly stronger GDP growth than in 2015 is expected (+1.8%).

Real GDP growth in %	2014	2015*	2016*
Austria	0.4	0.8	1.7
Germany	1.6	1.7	1.9
France	0.2	1.1	1.4
Italy	–0.4	0.9	1.5
Spain	1.4	3.1	2.7
Switzerland	1.9	0.8	1.5
Euro zone	0.9	1.6	1.8
USA	2.4	2.6	2.8
Japan	–0.1	0.6	1.0
Russia	0.6	–3.8	–0.6
China	7.3	6.8	6.3

Consumer prices in %	2014	2015*	2016*
Austria	1.7	0.9	1.5
Germany	0.8	0.2	1.0
France	0.6	0.1	0.9
Italy	0.2	0.2	1.0
Spain	–0.2	–0.5	0.7
Switzerland	0.0	–1.1	–0.1
Euro zone	0.4	0.1	1.0
USA	1.6	0.1	1.1
Japan	2.7	0.7	0.4
Russia	7.8	15.8	8.6
China	2.0	1.5	1.8

**Sources: Austrian Institute of Economic Research, EU Commission, SECO and IMF (2015: estimates, 2016: forecasts)*

Although there was another noticeable slowdown in the general upward price movement in the euro zone in 2015, the feared slide into a period of deflation did not materialise for the majority of countries. In Austria, consumer prices were up 0.9% on the comparative figure for 2014 in the reporting period, while in Germany inflation was just 0.2%. A turnaround in the price trend in the euro zone is to be expected in 2016, not least due to the relaxed monetary policy of the ECB.

A slight easing was observed on the European employment market in 2015. In specific terms, the rate of unemployment in the EU-28 fell to 9.5%, its lowest level since mid-2009. However, the situation remained precarious in some countries, led by Greece and Spain, where more than a fifth of the population was without work. Austria was in a relatively good position in direct comparison with an unemployment rate of 5.7%, although the negative trend seen in previous years continued and the number of unemployed persons is expected to rise in 2016, too.

In 2015, the central bank policy of the ECB was shaped by the persistently low base rate level and the extension of the purchase programme for government bonds and other securities until the end of March 2017. In December of the reporting year, the negative deposit rate for commercial banks was also lowered further to boost lending in the euro zone. In direct contrast, the US Federal Reserve dared to stage the interest rate turnaround at the end of 2015, raising the target range for the key interest rate to between 0.25% and 0.5%.

The opposing monetary policies of the ECB and the Fed also left their mark on the foreign exchange markets. The euro declined in value over the course of the year, hitting a year-end figure for 2015 of 1.09 EUR/USD (reference value at the start of the year: 1.21 EUR/USD). The Swiss franc exchange rate stabilised during the second half of the reporting year at a level of around 1.09 CHF/EUR, after temporarily sliding below parity as a result of removing the peg to the euro in January 2015. The rouble exchange rate continued to crash, driven by the declining oil price and the increasing loss of confidence as a result of the Ukraine conflict. In 2015, the Russian currency lost almost a third of its value to the US dollar.

The commodity markets were marked by the continuing oil price slump in 2015. For the first time since February 2009, a barrel of North Sea Brent crude oil cost less than USD 40 in December 2015. This can be explained primarily by the prevailing oversupply and the concerns regarding China's economy. However, OPEC put off making a decision on curbing oil production to boost prices until mid-2016. Further price declines were observed in 2015 – including the price of base metals. For instance, the price of copper fell by around 26.0% in the reporting year on account of weaker demand.

INDUSTRY ENVIRONMENT

Generally positive signals emanated from the industry environment in 2015. Consumer spending in the euro zone increased by 1.7%, driven by favourable income growth and moderate inflation. Although the European construction industry, with estimated growth of 1.1%, did not grow quite as strongly in the reporting year as in 2014, the lull that went on for years in the wake of the financial and economic crisis now appears to have been overcome. One such growth driver was the greater need for housing, particularly in light of refugee migration.

The balance sheet of the sanitary industry was satisfactory in 2015, although revenue growth slackened somewhat compared with previous years. Estimates by the ifo Institute indicate that sales revenues in Germany rose by 1.8% to €22.9 billion in the reporting year, with stronger growth in foreign business than in domestic business. Compared with the German domestic and building technology industry as a whole, which grew by 1.3% to an estimated revenues level of €53.6 billion in 2015, the growth posted in the sanitary sector is certainly notable.

The food service industry reported equally pleasing results in 2015, with real industry growth in Germany amounting to 1.4% in the first nine months of the reporting year and revenue growth in Austria as high as 2.7% in the same period. The main contributing factor here was not only growing consumer confidence among Germans and Austrians, but also the pleasant summer weather, which proved to be a key driver of the food service business.

We estimate the volume of the European market for water treatment systems in the domestic technology sector at approximately €1.6 billion, with annual market growth estimated at between 2% and 3% per year. In contrast to the Point of Entry (PoE) segment, where traditional water treatment is applied to the water pipeline entering a building, the Point of Use (PoU) segment, where water is treated at the tapping point or just before use, still has a smaller market volume in Europe, albeit with higher growth rates. Higher growth rates are also likely outside Europe, particularly in emerging countries with poor drinking water quality.

BUSINESS IN 2015

In 2015, the BWT Group achieved revenues of €535.3 million, exceeding the previous year's figure by €30.0 million (5.9%). The newly acquired METTEM Technologies group in Russia (hereinafter BWT BARRIER Group) was incorporated in the Group from the end of October onwards. Adjusted for changes to the Group structure, consolidated revenues were up 4.8% on the previous year. Changes in foreign exchange rates (particularly EUR/CHF) had a positive effect of 1.4 percentage points on revenues. This means that with a comparable Group structure and without exchange rate fluctuations, revenue growth amounted to 3.4%.

Increased advertising expenditure and the weak market situation in individual regions and business segments, which resulted in necessary impairment of goodwill, property, plant and equipment and other intangible assets, meant that EBIT decreased year on year by 25% to €19.3 million (3.6% of revenues). Part of this decline in earnings was offset by an improved financial result, bringing the Group's consolidated net earnings before non-controlling interests to €8.9 million – down 15.2% on the previous year's figure of €10.5 million. Cash flow from operating activities improved to €45.9 million (previous year: €39.5 million), whereas cash flow from investing activities deteriorated owing to the acquisition of the BWT Barrier Group to € –33.8 million (previous year: € –17.6 million). However, the debt ratio (net financial liabilities to equity ratio) remained low at 8.7%, after 5.1% in the previous year. The equity ratio was driven down from 41.9% to 40.4% by the higher consolidated balance sheet total resulting from investments made and the uptake of another promissory note loan.

The Management Board would like to sincerely thank all employees across the various business segments and departments of the BWT Group for their outstanding efforts in developing BWT to become an international water technology group and transforming the "BWT" brand into the "water brand".

Revenues development

The BWT Group's consolidated revenues reached €535.3 million in the 2015 financial year, compared with €505.3 million in the previous year.

All business segments contributed to this growth in revenues, and developed as follows:

Segment revenues (in million €)	2015	2014	+ / – %
Austria / Germany	208.1	198.9	4.6%
France / Benelux / UK	129.7	127.3	1.9%
Scandinavia	59.5	54.4	9.4%
Italy / Spain	33.1	31.3	6.0%
Switzerland / Others	104.8	93.5	12.1%
BWT Group	535.3	505.3	5.9%

The Austria / Germany segment generated total revenues of €208.1 million in 2015, which equates to a 4.6% rise in revenues. This rise is mainly attributable to growth in Point of Use products of just under 18% and increased revenues from Point of Entry products at BWT Germany and Austria. The "Pearl Water Strategy" with household water softeners is one of the main sources of success.

The France / Benelux / UK segment achieved revenue growth of €2.4 million (1.9%), which can primarily be attributed to the Point of Use business (+15.7%) and the Service business (+6.8%). By contrast, the industrial business in France and Belgium saw a considerable drop in revenues.

The Scandinavia segment recorded an increase in pharmaceutical plant engineering and in the pool business. Overall, Scandinavia contributed €59.5 million to the Group's consolidated revenues compared with €54.4 million in the previous year.

Despite the persistently difficult market conditions in Southern Europe, the Italy / Spain segment posted increased revenues.

The Switzerland / Others segment benefited both from the development of exchange rates (especially CHF) and from the acquisition in Russia. These two factors are reflected in the total revenue growth of 12.1%, from €93.5 million to €104.8 million.

The Asian market is becoming increasingly significant for the BWT Group, with 6.1% of the Group's consolidated revenues generated here in 2015 (previous year: 3.7%). The BWT Group achieved 92.0% of its consolidated revenues in Europe (previous year: 93.9%) and 1.9% in the rest of the world, after 2.4% in the previous year.

Revenues from Point of Entry products rose by 1.2% from €337.5 million in the previous year to €341.4 million. This product segment thus accounted for 63.8% of the BWT Group's consolidated revenues (previous year: 66.8%). The Point of Use business once again achieved stronger growth rates. At €74.0 million, the previous year's revenues were exceeded by 28.6%, increasing the percentage of total revenues to 13.8% (previous year: 11.4%). The BWT Group generated €119.9 million in revenues in the Service and Spare Parts business in 2015, surpassing the previous year's figure of €110.2 million by 8.8%. This strategically important segment contributed 22.4% of the Group's consolidated revenues (previous year: 21.8%).

As at 31 December 2015, the BWT Group had an order backlog of €90.1 million compared with €65.4 million for the same period of the previous year. The increase of €24.7 million, or 37.7%, is mainly attributable to project-specific plant engineering business in the pharma and biotech industry.

Earnings development

The revenue upturn and the improvement of the material ratio drove EBITDA (earnings before interest, taxes, depreciation and amortisation) up by 7.2% to €49.0 million (previous year: €45.7 million). However, EBIT declined by 25.0%, from €25.8 million to €19.3 million, due to higher impairment losses on goodwill and on property, plant and equipment. Consolidated net earnings before non-controlling interests were down 15.2% on the previous year.

Other operating income decreased from €9.8 million to €7.2 million (26.6%). In the previous year, this item included extraordinary income from asset disposals amounting to €2.3 million and higher income from bonus/commission agreements.

At €0.5 million, own work capitalised was slightly higher than the previous year's figure of €0.4 million and mainly consisted of development costs to be capitalised.

The streamlining of the product portfolio with a focus on standard business, which was introduced back in the previous year, and the expansion of the Service business were the main factors responsible for driving cost of materials, including changes in inventories, down year on year from 38.5% to 36.6% of revenues.

Personnel expenses increased from €165.0 million to €177.8 million (+7.8%). This increase is chiefly attributable to the higher employee headcount – which was also the result of company acquisitions – in addition to higher wages and salaries on the basis of higher collective wage agreements, restructuring costs and the impact of exchange rates.

Other operating expenses went up by 8.7%, from €110.6 million in the previous year to €120.2 million. This is mainly due to higher advertising expenditure (€+6.5 million), fleet, travel and corporate entertainment costs (€+0.6 million), freight and warehousing expenses (€+0.6 million) and consulting expenditure (€+0.6 million). Risks on receivables declined by €0.4 million year on year.

EBITDA (earnings before interest, taxes, depreciation and amortisation) improved by 7.2% from €45.7 million to €49.0 million.

Depreciation and amortisation climbed from €19.9 million to €29.7 million (48.9%). In 2015, weak earnings prospects and the market situation in the relevant segments meant that impairment of €5.3 million was taken on property, plant and equipment and intangible assets, compared with impairment of €1.9 million in the previous year. Goodwill was impaired by €9.1 million compared with €2.6 million in the previous year. This was due to the situation in Russia and the absence of material potential revenues in France. Normal depreciation and amortisation came to €15.3 million (previous year: €15.4 million).

EBIT decreased by 25.0% from €25.8 million to €19.3 million, with a reduction in the EBIT margin from 5.1% to 3.6% of revenues.

The BWT Group's financial result improved year on year from €–6.7 million to €–2.7 million. Financial income went up by €0.7 million, due in part to higher profit distributions from investments, while financial expenses went down by €3.3 million to €4.4 million. The costs in the previous year were impacted by the deconsolidation of disposed companies and by provisions for liabilities from company disposals. In 2015, these one-off costs were much lower. However, there was an increase in finance costs due to the promissory note loan taken out and the measurement of financial items in foreign currencies (especially RUB).

The improved financial result did not compensate for the decline in EBIT, with earnings before taxes down 13.1% on the previous year's figure at €16.6 million (previous year: €19.1 million). The Group tax rate increased from 45.0% to 46.4%, predominantly on account of higher non-deductible expenses and goodwill impairment, with the BWT Group's annual earnings before non-controlling interests declining by 15.2% from €10.5 million to €8.9 million.

Return on revenues came to 1.7% (previous year: 2.1%). The share in earnings of minority shareholders amounted to €-1.6 million (previous year: €+0.4 million). At €10.5 million, the BWT Group's consolidated net earnings after non-controlling interests were slightly higher than the previous year's figure of €10.2 million.

The number of treasury shares was unchanged, with the average number of issued shares amounting to 16,760,082. Earnings per share totalled €0.63.

The Management Board is proposing a dividend payment of €0.28 per share at the next Annual General Meeting. A figure of €0.28 per share was also paid out last year.

Segment earnings

EBIT in the individual business segments was as follows, compared with the previous year:

Segment revenues (in million €)	2015	2014	+ / – %
Austria / Germany	1.1	1.3	–11.5%
France / Benelux / UK	0.3	2.7	–89.7%
Scandinavia	9.4	9.6	–1.8%
Italy / Spain	1.0	1.3	–19.2%
Switzerland / Others	7.6	11.0	–31.5%
BWT Group	19.3	25.8	–25.0%

Earnings in the Austria / Germany segment declined slightly, with the absence of income from an asset disposal in the previous year and higher impairments almost offset by improved earnings in the domestic technology sector and the Point of Use business.

In the France / Benelux / UK segment, EBIT fell from €2.7 million to €0.3 million, which can be explained by the necessary goodwill impairment of €4.8 million (previous year: €2.5 million) resulting from the loss of a key customer segment.

In the Scandinavia segment, EBIT decreased slightly by 1.8% to €9.4 million despite increased revenues of €9.6 million in 2014. Nevertheless, with an EBIT margin of almost 16%, the segment remains an important pillar of BWT's consolidated net result.

The earnings situation in the Italy / Spain segment worsened, primarily as a result of restructuring. EBIT fell by 19.2% from €1.3 million to €1.0 million.

The Switzerland / Others segment posted decreased earnings in 2015, with earnings declining by 31.5% to €7.6 million. The goodwill impairments in Russia amounting to €4.3 million and a further valuation allowance for the property in Hungary were by no means compensated for by improved earnings in China and Switzerland (mainly on account of the exchange rate).

Development of net assets and financial position

The net assets and financial position of the BWT Group remained strong at the end of 2015, despite declining earnings and the continued exceptionally high level of investment over the financial year.

Cash flow from operating activities rose by 16.2% from €+39.5 million in the previous year to €+45.9 million.

Cash flow from investing activities deteriorated from €-17.6 million in the previous year to €-33.8 million. The Company spent €14.4 million on investments in intangible assets and property, plant and equipment (previous year: €25.4 million), with the previous year still impacted by major investments in Point of Use production in Mondsee and in the new membrane production plant in Germany. A total €18.3 million was spent on company acquisitions.

Cash flow from financing activities totalled €+9.6 million, compared with €+34.5 million in the previous year. Long-term promissory note loans amounting to €50.0 million were taken out in the previous year. A further tranche totalling €20.0 million was taken out in July 2015. While dividend payments of €4.7 million remained at the previous year's level, €6.4 million was spent on the redemption of financial debt. In the previous year, this figure was €7.6 million.

As at 31 December 2015, the BWT Group had net debt of €9.3 million compared with €14.9 million in the previous year. Gearing (the net debt to equity ratio) dropped from 5.1% to 8.7%, while net current assets increased from €48.2 million to €57.8 million, amounting to 10.8% of revenues (previous year: 9.5%).

The consolidated balance sheet total of the BWT Group rose by 11.1% year on year from €408.0 million as at the end of 2014 to €453.4 million. This item was impacted by the uptake of an additional promissory note loan and the enlarged scope of consolidation as a result of acquisitions made. Group equity increased by 7.3% from €170.9 million to €183.3 million. However, the equity ratio declined from 41.9% to 40.4% on account of the higher consolidated balance sheet total. Under IFRS provisions, the share buy-backs of €19.4 million (previous year: €19.4 million) are shown as a deduction under equity. Actuarial calculations of social capital pursuant to IAS 19 also had a negative impact on equity. The changed actuarial discount rates on account of the market situation negatively impacted equity by €1.8 million, with the currency differences included in equity also driving the figure down.

Return on capital employed declined to 5.5% in 2015 against the previous year's figure of 7.3%. Return on equity went down from 6.1% to 5.0%.

Employees

The success of BWT lies, on the one hand, in the enthusiasm for water technology that we invest in our products and technologies and, on the other hand, in the considerable dedication and solidarity demonstrated by our employees. Employees constitute the most important success factor for BWT. From product developers and process engineers through to production workers and fitters right up to the staff working in the service departments – at BWT, employees with technical or business qualifications are assigned a wide range of tasks in all areas of activity. BWT has a flat organisational structure that allows for direct, face-to-face communication.

As at 31 December 2015, the BWT Group employed a total workforce based on FTE (full-time equivalents) of 3,276 people (previous year: 2,587 people). The increase is mainly attributable to company additions in Russia and to the expansion of the workforce in the growing Point of Use and Service businesses.

1,070 people are employed in the Austria / Germany segment (previous year: 1,014), 773 people in the France / Benelux / UK segment (previous year: 780), 220 people in the Scandinavia segment (previous year: 219), 106 people in the Italy / Spain segment (previous year: 92), and 1,107 people in the Switzerland / Others segment (previous year: 482).

As is the case every year, there were no strikes or labour disputes in 2015 either. Social benefits vary from company to company and include well-equipped workplaces; canteens; various company events; health and pension insurance benefits; free drinks at the workplace and similar schemes. There is no stock option programme at BWT. Management, field staff and other key employees participate in various profit share and bonus schemes, which vary locally.

Personnel management tasks are carried out by local companies, in line with the decentralised structure, while strategic human resources tasks are the direct responsibility of the CEO. The Company spent a total of T€797.9 (previous year: T€833.3) to cover direct training costs.

Our employees stand out due to their qualifications, commitment, responsibility, discipline, loyalty and mutual respect in a family style working environment. They are the key to the further positive, sustainable development of our Company.

Sustainability (corporate social responsibility)

BWT has firmly anchored sustainability in the corporate strategy with the three key areas of economic, environmental and social sustainability. The Management Board and the management teams of the Group companies in their individual functional responsibilities are chiefly responsible for its implementation. In this regard, BWT bases its actions on the international guidelines of the Global Reporting Initiative (GRI), which have largely been incorporated in the existing Reporting and Controlling Management System. Current certificates, standards and management systems (ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001) are major points of reference. Further measures include further developing CSR indicators and stepping up the dialogue with stakeholders. The most important sustainability strategies throughout the Group include the optimisation of production processes and the implementation of the BWT brand and product development strategy, whereby sustainable aspects throughout the entire product lifecycle and beyond are already taken into account in the development process. People's safety, hygiene and health in their daily contact with water are a constant focus of the Company's activities. Recording of important basic data on the Group companies was continued in the 2015 financial year.

Research & development

BWT is an innovative group with research and development activities in practically all areas of the water industry. These activities are coordinated by the Group's parent company, BWT Aktiengesellschaft (BWT AG). The objective is to develop new technologies and processes to cater for the increasingly stringent requirements placed on drinking and process water. In 2015, the Group spent €10.6 million on its diverse research and development activities (previous year: €9.7 million).

In the Pharma & Life Science Biotech segment, a new process for disinfecting brine in water softeners was developed. In this process, the brine, which is required for regeneration of the ion exchange, is disinfected on a practically continuous basis by means of electrolysis in the brine compartment. This process prevents germs from becoming immobilised in the brine compartment.

A specialist filter cartridge was developed for use in the dental industry. It is being used in dental practices for water treatment in autoclaves. Because of the high operating temperature and the generation of steam, an autoclave operates using highly purified, demineralised process water.

In the Point of Use segment, a process was developed for the preparation of drinking water in coffee machines, which ensures that virtually all machine locations are provided with optimum water for both the coffee and the machine. Membrane technology is used to remove over 98% of all interfering substances found in water, which could have an impact on the taste of the coffee, as well as chloride, which poses problems for the machine itself. A subsequent process step adds only the minerals required for coffee production. Calcium and magnesium ions, which are important for coffee taste, are added within a range of 3 to 4 °d for optimum extraction of the flavouring agents. The coffee produced using this process has an optimum flavour and an impressive crema.

The more than 100 employees working in BWT's development departments endeavour to produce new products and processes – and develop existing ones – with a special focus on conservation of resources, quality, functionality and safety.

Reporting on key features of the internal control system with regard to the accounting process

The internal control system (ICS) defines all processes to ensure that the accounting process is efficient and orderly. It reduces errors in transactions, protects assets from losses due to damages and fraud, and guarantees that corporate procedures comply with the Company's statute, the Group's policies and applicable laws. The control environment for the accounting process is characterised by a clear organisational structure and process organisation in which individual functions are clearly assigned to particular people, for example, in financial accounting, treasury or controlling. The employees assigned to the accounting process have the required professional qualifications and standard accounting software is predominantly used.

BWT Group policies are based on the BWT Code of Conduct and Compliance Guidelines, as well as on the Management Rules of Procedure in place for all companies in the BWT Group. These provisions are revised as required in accordance with the compliance provisions and explained to the relevant management personnel in detail. Local management is responsible for compliance with the guidelines in its own respective BWT subsidiary. Among other things, the Management Rules of Procedure underline the necessity for strict compliance with the provisions outlined in the Management Handbook and define a list of business cases that require Group management approval. The BWT Group Management Handbook includes necessary information pertaining to the accounting process and provisions such as the Accounting Handbook (reporting guidelines, reporting and accounting procedures), Treasury Guidelines and IT Guidelines.

The uniform monthly reporting process, which is governed by the Accounting Handbook and applied Group-wide, together with the reporting software used to record and analyse data, ensures regular checks of the assets development and earnings performance of the individual Group companies. Standard reports and ad hoc evaluations allow for quick analysis of any deviation from budgeted values and values from the previous year. The information is then grouped together by the Group Finance department and is regularly brought to the attention of the Management Board. In the 2015 financial year, the Group-wide data warehouse "SMART" was again promoted in particular in this area to provide key detailed data on developments in revenues and margins for products, customers, purchasing and inventory information. The settlement of longer-term construction contracts is subject to a Group-wide project controlling process. Information gathered on an ongoing basis by the treasury system (e.g. automatic reading of bank account statements) allows for a weekly bank account status update and monitoring of credit lines, bank signature authorisations and current liabilities. Furthermore, intra-group payments are monitored by a netting system and intercompany balances are regularly recorded and adjusted.

Consolidated results of the Group are provided to the Supervisory Board on a quarterly basis in accordance with IFRS reporting standards. The shareholders were also informed about the business situation on a quarterly basis. From 2016 onwards, these reports will be on a half-yearly basis in accordance with the new provisions of the Austrian Stock Exchange Act. The annual financial statements are subject to an extensive external audit by the Group's annual auditor, which guarantees uniform auditing standards through its international network. The audit takes place in close coordination with the Supervisory Board and the Audit Committee. Standardised monthly management reporting covers all the individual companies in the consolidated BWT Group.

The Supervisory Board of BWT AG keeps itself regularly informed about the internal control system during its meetings and the Audit Committee has the task of monitoring the effectiveness of the control system. The control environment for the accounting process is characterised by a clear organisational structure.

In the course of the annual reporting process for 2015 – as in previous years – the key internal control processes of the individual Group companies were again queried in a "Minimum Control Report". The effectiveness and regularity of the processes were confirmed in writing by the local chief financial officers and general managers.

Risk management

The BWT Group's risk management system is applied to all processes in order to systematically identify, record, evaluate and regulate significant operating and strategic corporate risks.

The BWT Group's risk policy is in line with its basic objective to increase the value of the Company in a sustainable manner while avoiding any excessive risk. Risk management is part of the implementation of this strategy and falls within the remit of the Management Board, which defines risk as a threat but also an opportunity for positive deviation from pre-determined company objectives.

The BWT Group's risk management system is based on a Group-wide risk management policy. The risk management process is supported by web-based reporting software. Quarterly reporting is designed to enable early identification of existing and potential risks. In this way, risks are periodically identified in a structured process. Risks are evaluated and regulated, taking into account both qualitative and quantitative features, according to their impact on the individual subsidiaries and the probability of them occurring. When risks are identified together with relevant countermeasures, responsibilities are defined and material risks are catalogued by Group Finance and reported to the Management Board. The Supervisory Board also receives a summary report at its regular meetings. In keeping with the decentralised organisational structure of the BWT Group, the competent local managers are responsible for implementing and overseeing the risk management system.

Material risks

The main types of risk that could adversely affect the BWT Group's net assets, financial position and results of operations are as follows:

Development risk

As a leader in technology, we are regularly developing new products and processes that are based on basic research and new methods, which in some cases can only be implemented and manufactured with the use of complex, newly developed and expensive production technologies. Despite extensive testing, malfunctions cannot be ruled out and it may be that investments prove not to be worthwhile. Aside from the loss of investments made and existing customers as well as potential compensation claims, this could also affect the reliability rating of the BWT Group's products and services and lead to a decline in demand in the business segment concerned.

Risk when acquiring and establishing new companies

BWT has in the past – and in the current financial year – carried out acquisitions and established new companies. We assume that there will be further acquisitions in the future and/or that more new companies will be established. There is an inherent risk that companies that have already been acquired or established and/or that are acquired or established in the future will fail to achieve the anticipated results. In particular here, there is a risk of failure to integrate Group members that have already been acquired or that are acquired in the future successfully into BWT's business operations and company structure, and to achieve the anticipated positive synergy effects.

Personnel risk

A significant part of BWT's success is based on the experience, contacts and knowledge accumulated by the Company's managers and key employees. If managers or key employees resign, it cannot be guaranteed that the Company will succeed in recruiting staff within a reasonable period of time and on competitive terms who are sufficiently qualified and possess comparable expertise, and who thus ensure continued successful management of the Company. A similar risk also pertains to the management of BWT's subsidiaries.

Liquidity risk/financing risk

Liquidity relates on the one hand to the ability to obtain sufficient financial resources in the form of cash and/or lines of credit at any given time to make due payments or to obtain necessary guarantees and suretyships from banks. On the other hand, it should also be guaranteed that available liquidity and financial investments are provided or can be accessed by the Company without risk and at short notice. A corporate-wide financing company operating within the Group, which also holds the existing cash pools, is available to control and optimise liquidity. The BWT Group's investment strategy is orientated towards cooperating with financial partners of impeccable credit standing.

The BWT Group has access to sufficient bank credit lines. Due to the BWT Group's good credit standing and its continued low level of net debt despite the extremely high capital expenditure over the past few years, at present we consider the current economic conditions to have no direct impact on its access to credit lines. The BWT Group also secured longer-term financing last year by reorganising its financing structure.

Interest rate risk

As part of BWT's business activities, it is necessary to use debt to finance operating resources, investments and possible company expansions. The current debt has both fixed and variable interest rates and is both current and medium-term. Short-term fixed and variable interest loans are exposed to a standard market interest rate risk.

Currency risk

The BWT Group partly finances its operating resources, investments and possible expansion in foreign currencies. Cash and cash equivalents are also partly held in foreign currencies. Both are directly related to the international character of the Group's operations. Covering transactions are carried out in the Group's central treasury for cash flows in foreign currencies and these reduce the negative effects of exchange rate fluctuations. Necessary interest and currency hedging (e.g. by means of derivatives) from the operating activities in the BWT Group are carried out and overseen at Group level.

Default/solvency risk

BWT's business activities are exposed to a risk that customers will not be able to fulfil, partially or completely, their payment obligations to the BWT Group. In line with standard market practices and after weighing up the costs and benefits, the BWT Group attempts to reduce this risk by, for example, obtaining payment guarantees from banks and export credit agencies. In addition, 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, for example by obtaining company information from reputable agencies. However, with a more difficult environment in individual countries, despite careful examination, increasing defaults of receivables are to be expected. As in the previous year, this was taken into account through the recognition of a portfolio-based allowance for impairment losses on receivables.

IT risk
Many Company operations are supported by the use of IT systems (hardware and software). Management decisions are dependent on information that is produced by these systems. The malfunction of IT systems presents a risk that is to be minimised as much as possible by complying with provisions for data and infrastructure protection, as outlined in the IT Guidelines.

Overall risk
Risks posing a threat to the BWT Group are monitored to the best possible standards by the resources and measures described above. BWT does not currently envisage any risks that could endanger the Company's continued existence.

Information under Section 243a of the Austrian Commercial Code
BWT's share capital consists of 17,833,500 no-par value shares (previous year: 17,833,500), each of which represents an equal share in the share capital.

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

WAB Privatstiftung, a private trust of that Mr Andreas Weissenbacher, the long-standing CEO of BWT AG, holds a controlling participation within the meaning of the Takeover Act (ÜbG), and its subsidiary FIBA Beteiligungs- und Anlage GmbH and Mr Andreas Weissenbacher together hold 14,477,866 shares as at 31 December 2015. This equates to 81.2% of BWT AG's total share capital. Around 12.8% of the share capital is in the free float. The remaining 6.0% are BWT AG treasury shares. As at 31 December 2015, BWT AG had purchased a total of 1,073,418 company shares in the course of its share buy-back programme. The free float is held by Austrian and international investors. BWT's shares are listed on the Standard Market Auction of the Vienna Stock Exchange under International Security Identification No. AT0000737705. In the USA, until last year BWT's shares were traded on the OTC market via a Sponsored Level 1 ADR Programme operated by the Bank of New York, which ended on 30 April 2014.

There are no known substantial blocks of shares held by employees of the BWT Group. Like any other shareholder, employees holding shares are free to exercise their voting rights at the Annual General Meeting.

There are no regulations regarding the appointment and recall of members of the Management Board and the Supervisory Board or amendments to the Company's statute that are not derived directly from the law.

Based on the statute of BWT AG, the Annual General Meeting resolution dated 23 May 2013 authorises the Management Board to increase the Company's share capital by up to a further €8,916,500.00 to €26,750,000.00 by 22 May 2018. This is to be achieved by issuing new shares.

Resolutions of the Annual General Meetings held on 24 May 2007, 20 May 2008, 26 May 2010, 24 May 2012 and 19 May 2014 authorised the Management Board to buy back and (with the approval of the Supervisory Board) resell the Company's own shares by other means than via the stock exchange or through a public offering, and also disapplying existing shareholders' subscription rights. The last acquisition to date occurred on 20 September 2013. As at the balance sheet date of 31 December 2015, BWT AG holds a total of 1,073,418 treasury shares.

The Management Board knows of no significant agreements made by the Company that will become effective if control of the Company changes hands as a result of a takeover bid.

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

Information and publications for the BWT Group are also accessible on the website at www.bwt-group.com.

Outlook

The BWT Group's healthy balance sheet structure with low debt leverage and good level of capital, its considerable internal financing strength and, in particular, its technological leadership in the water treatment business with a range of unique products and processes form the basis for the continued positive development of BWT AG and its subsidiaries in the global water treatment market.

In October, the BWT Group closed the acquisition of the majority interest in the BWT BARRIER Group, with operations in the Point of Use Consumer business. The BWT Group will use this acquisition to further consolidate its presence in the Point of Use Consumer business. This move is also expected to drive forward the internationalisation of BWT – including in Asian markets within the Point of Use segment. It is also anticipated that new market opportunities will be opened up for the BWT magnesium technology. Although the consolidation of the BWT BARRIER Group will result in increased consolidated revenues, there is a considerable earnings risk due to the economic situation in Russia and the associated exchange rate risks.

Efforts in connection with the development of the "BWT" brand with the brand message "For You and Planet Blue" as the leading water brand will be stepped up again in 2016.

The merger of BWT AG with the subsidiary BWT Holding AG resolved at the last Annual General Meeting, and the associated delisting of BWT's share on the Vienna Stock Exchange, was suspended by the competent Regional Court of Wels, with reference to the lengthy rescission proceedings, until the Court reaches a decision.

No other reportable events occurred after the balance sheet date.

Mondsee, 25 February 2016

The Management Board

Andreas Weissenbacher Chief Executive Officer	Gerhard Speigner Chief Financial Officer


LIFE IS RESPONSIBILITY
/// JUST ADD WATER

IN THE PHARMACEUTICAL INDUSTRY, THE QUALITY OF WATER PRODUCED HAS TO MEET THE MOST STRINGENT SAFETY STANDARDS.

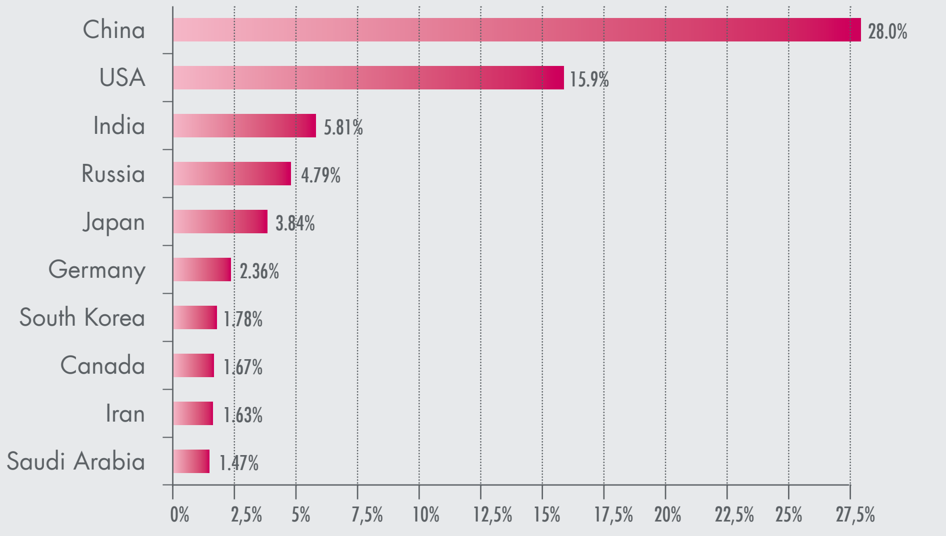
Whether this water is used for infusions, ointments, tablets or vaccinations – it is all a matter of patients' health. This is a big responsibility that BWT has to live up to every day. As the global market leader in this segment, BWT uses innovative technologies – such as the patented and globally unique SEPTRON® BIOSAFE EDI module with integrated ultrafiltration membrane stage – for the production of highly purified water (HPW). In a nutshell, this is high-tech water treatment at its very best – for the good of mankind.

Clean energy –
Battery and fuel cell membrane technologies from BWT

Fossil fuels, such as coal, petroleum and natural gas, are finite on our planet. At the same time, the negative effects of fossil fuels are becoming clearer and clearer. Climate change with all its consequences, such as global warming, melting glaciers, natural catastrophes and water shortages, is progressing rapidly.

Climate change is mainly caused by greenhouse gases, especially carbon dioxide (CO_2). Around 35 billion tonnes of CO_2 emissions are released annually, and this number is growing. By far, the largest environmental sinners are the industrialised countries. China and the USA led in terms of CO_2 emissions worldwide in 2014 with 23% and 15% respectively. The main source of carbon dioxide emissions continues to be the burning of fossil fuels, which still have the largest share in the energy mix worldwide with approximately 80%.

Global CO_2 emissions



Source: Statista 2016

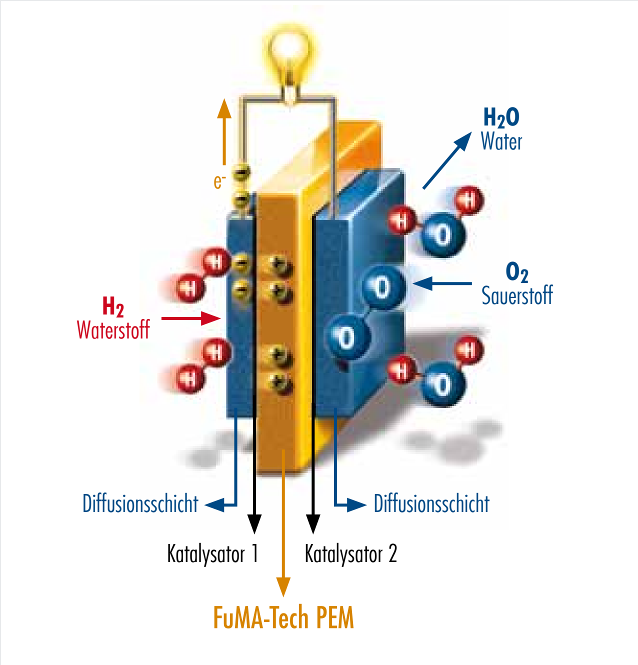
The International Energy Agency (IEA) estimates that the primary energy requirement will rise by 37% by 2040. At the same time, it is assumed that the share of renewable energies in the energy mix worldwide will rise rapidly as a consequence of new technologies and subsidies. However, IEA assumes that annual worldwide emissions of CO_2 will rise by a fifth by 2040. This forecast stands in contrast to the two-degree goal agreed upon in the United Nations Framework Convention on Climate Change that is to limit global warming to less than two degrees Celsius as compared to the level before industrialisation began.

Hydrogen: the energy source of the future

The fuel cell, allied with renewables, is the key to combating climate change. Fuel cell technology is the optimum option in this regard. It can be used for the stationary generation of power and heat in residential housing, in mobile applications for cars, buses and ships, and even as a provider of electricity for portable electronic devices. The fact that hydrogen contains more than three times the energy of any environmentally harmful fossil fuels such a coal, natural gas and petroleum makes it a perfect source of energy and a highly efficient energy converter. No greenhouse gases, which are harmful to the environment, are released using the "cold combustion" (see graphic below) method of generating electricity. The waste product is simply water. Fuel cell technologies also open up new possibilities with regard to energy storage. Hydrogen can be converted into methane and thus into natural gas (power-to-gas) using methanation, that is bonding with CO_2.

Forms and applications – PEM cells dominate the market

There are two basic types of fuel cells: low-temperature fuel cells (PEMFC – proton exchange membrane fuel cell, DMFC – direct-methanol fuel cell) and high-temperature fuel cells (MCFC – molten carbonate fuel cell, SOFC – solid oxide fuel cell). The most important cell type from a commercial point of view is the PEM cell, which accounted for around 89% of deliveries in 2015. The PEM cell is a low-temperature fuel cell with operating temperatures of 70°C to 170°C. This places less exacting demands on the material of the cell and stack components, which in turn leads to lower material costs. However, a potential disadvantage compared with high-temperature fuel cells is that the gas purity of the fuel needs to be higher. But for the majority of current commercial applications of the PEMFC, which involve the use of pure hydrogen, this is not an issue – which accounts for the higher level of commercialization. While PEM fuel cells are increasingly being used in the small-capacity range for numerous mobile applications and reaching a wide range of niche markets as a result, the focus of MCFC and SOFC is on applications in small power stations.



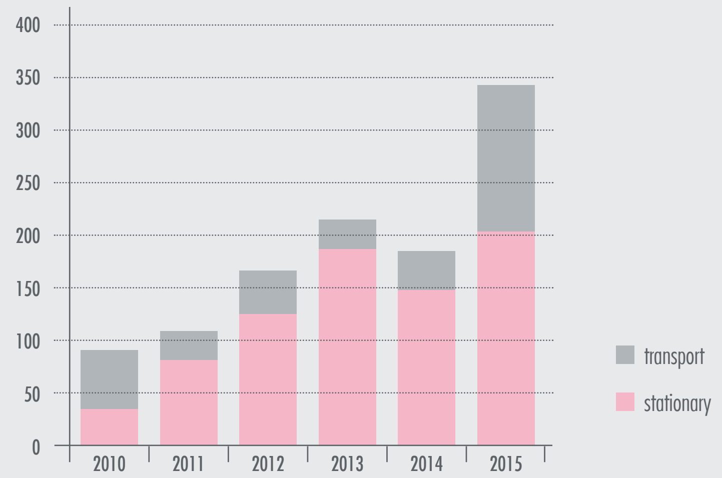
In PEM fuel cells, hydrogen and oxygen – which are separated by a proton-conductive, gas-impermeable membrane – are combined to form water, with energy being released in the process. (cold combustion). This means that fuel cells are the optimal method of converting chemical energy in an electrochemical process directly to power and heat. The fact that no intermediate steps are involved makes fuel cells exceptionally efficient.

Market trends in 2015

With its wide range of applications, fuel cell technology has the potential to become the most important energy system in the future. Current market figures for fuel cells are highly promising.

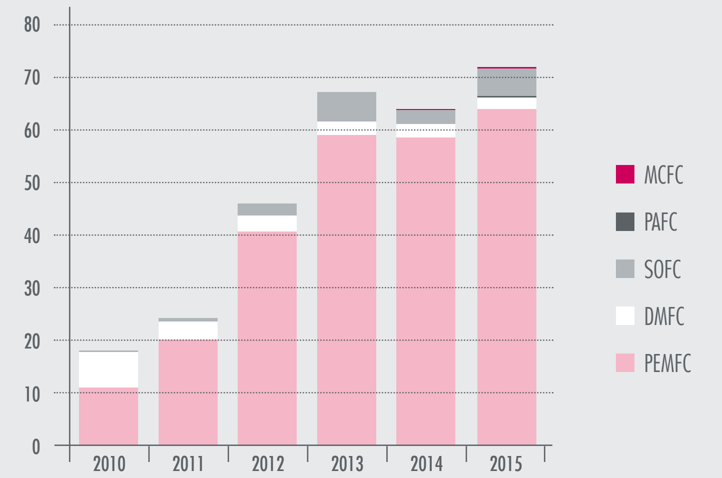
According to estimations from industry insider E4tech, 71,500 fuel cell units were sold in 2015. This means the quantity of units sold annually has increased four times over what it was in 2010. The entire electrical output of the units sold in 2015 amounted to an estimated 350 MW. The majority of this stems from stationary applications with 203.2 MW with 49,000 units, mobile applications accounted for a share of 138.7 MW with 4,900 units, and portable applications provided 0.7 MW with 17,600 units. In terms of regions, Asia was the leader in the use of fuel cell technologies in 2014 with an estimated 46,600 units (50%) and 172.2 MW of electrical output, followed by North America with 15,700 units (41%) and Europe with 8,300 units (8%). For 2016, positive effects are expected for the industry due to the launch of further series production of vehicles powered by fuel cells from companies like Toyota and Honda.

Megawatts shipped by application



Source: The Fuel Cell Industry Review 2015, E4tech

Units shipped by fuel cell type



Source: The Fuel Cell Industry Review 2015, E4tech

Stationary applications
In terms of quantity and output, stationary applications are the most important area of the market. The typical output ranges from 0.5 to 400 kW. Typical areas of application are large-scale units in the megawatt range for primary energy generation, combined heat and power generation systems for large plants and for homes, and backup and standby systems such as for telecommunications and key infrastructural facilities. Asia is the regional leader in stationary systems. As part of the government-supported "Ene-Farm project" in Japan, which went commercial at the end of 2009, over 140,000 systems - preferably PEM systems from manufacturers like Panasonic or Toshiba - have already been installed for private households.

Especially in combination with the growth of alternative energies (solar, wind, water, biomass), there are excellent prospects not only for energy conversion in fuel cells but also for energy storage in high-performance batteries such as redox flow batteries with vanadium solutions as the electrolyte, for example. The electricity generated irregularly by 'green' methods can be stored either chemically in the form of hydrogen or electrically in batteries and accessed as needed at any time. In chemical storage, the hydrogen is generated from pure water by means of electrolysis and either saved in gaseous form in gas caverns for subsequent reconversion, methanated with carbon dioxide or fed directly into the existing natural gas network in order to raise the calorific value.

Mobile applications
Mobile applications in the typical output range from 1 kW to 100 kW include beside special-purpose vehicles in the field of logistics like fork-lift trucks primarily vehicles for use on the road such as cars (FCEV – full cell electric vehicles), buses or lorries. Road traffic is responsible for a significant share of CO_2 emissions worldwide. In order to reach the political CO_2 goals, emissions in road traffic must be lowered considerably. Biofuels only have limited potential to meet these requirements, which makes a significant breakthrough for electric cars essential. With fuel cell technologies, no gases are released that are harmful to the environment, but only water. Advantages over electric cars include the wider range of many hundreds of kilometres and the short time required to refuel. Hyundai and Toyota established a milestone when they introduced the first vehicles produced in series with fuel cells. Further well-known manufacturers, such as Honda, are planning to follow in 2016.

The creation of a comprehensive supply network is crucial to the success of fuel cells in private transport. As part of the "Initiative H2 Mobility", it is planned to provide approximately 400 public hydrogen fuelling stations in Germany alone by 2023 with a total investment of around EUR 350 million. The aim is to establish a hydrogen supply that is suitable for everyday use and to ensure the supply of hydrogen for vehicles powered by fuel cells in a manner that meets the requirements for not only urban centres and main traffic routes but also rural areas. This will make vehicles with fuel cell technologies interesting for the mainstream. This trend has a positive effect not only for the environment but also for human health: With vehicles powered by fuel cells, there is a reduction in noise pollution, and there are no local emissions of pollutants such as carbon monoxide, hydrocarbons, nitrogen oxides or fine particulate matter.

Portable applications
Typical output ranges for portable applications are from 1 W to 20 kW. Typical application areas range from chargers (such as for mobile phones, music players or notebooks) to portable power generators for leisure applications (such as camping). Mobile power generation in the consumer sector, especially as chargers for smartphones, offers a large market potential for fuel cell technologies even though competition on the market is fierce. The portable applications of fuel cells are in a steady competition with low cost batteries, but they provide a higher level of energy and therefore a better life expectancy for example.

Membrane technology at BWT

Membrane technologies have a special significance in the BWT Group since they are used not only in water treatment but also in energy generation and storage applications. BWT provides innovative solutions for the future for both the supply of hygienically clean water for all conceivable areas of life and the sustainable production of energy.

FUMATECH BWT is a technological pioneer in the production of ion exchange membranes. It possesses extensive expertise in areas ranging from the synthesis of raw materials and consumables and the processing of these materials to create membranes to their technical application. As a supplier of innovative membranes as the central component of a membrane electrode assembly, the heart of the PEM fuel cell, FUMATECH BWT has made a name for itself on the fuel cell market worldwide.

New applications can be found in the market for renewable energy storage, e.g. in large-scale electrochemical storage devices such as vanadium redox batteries, and in the production and storage of hydrogen as well as carbon dioxide separation for the new concepts of methanation in the area power-to-gas. The storage of energy, for example in the form of hydrogen through the electrolysis of water, represents a highly promising solution to one of the biggest challenges of the energy revolution. This hydrogen could then be admixed to natural gas for calorific value conditioning. According to the DVGW[1)]-G 260 worksheet "Gas Quality", the admixture of 5% by volume of hydrogen to natural gas is currently permitted in Germany.

FUMATECH BWT products

As a producer of polymers and membranes, FUMATECH BWT can offer tested products for many energy conversion and storage variants. Both perfluorosulfonic acid and non-fluorinated hydrocarbon membranes are used in various fuel cells. Chemically stable anion exchange membranes are produced specifically for redox batteries but also find application in platinum-free fuel cells and alkaline water electrolysis.

Membrane type	Operating temperature	Product	Energy carrier	Applications
Low temperature (Type 1)	up to 85°C	fumapem® F,	H_2	stationary, portable
Medium temperature (Type 2)	up to 120°C	fumapem® FS	H_2	stationary, mobile
High temperature (Type 3)	up to 170°C	fumapem® AM	H_2, reformate	mobile, stationary
Direct methanol fuel cell (Type 4)	up to 70°C	fumapem® S	CH_3OH	portable
Battery separators	up to 45°C	fumasep® FAP	Vanadium	stationary
PEM water electrolysis	up to 80°C	fumea® EF	Water	stationary, mobile
Alkaline water electrolysis	up to 130°C	fumasep® FAA	Water	stationary

FUMATECH BWT has strategically positioned itself as component supplier. Its potential customer group involves primarily well-established manufacturers of membrane electrode assemblies (MEA) and battery manufacturers. This strategic positioning allows the company to successfully combine the strengths of innovative development and a wide variety of patents with manufacturing experience related to the production of membranes for water treatment, a clear distribution-oriented approach, and minimum risk exposure.

[1)] German Technical and Scientific Association for Gas and Water

FUMATECH BWT in 2015

New location
FUMATECH BWT created with the new Bietigheim-Bissingen site in Germany optimal conditions for the future. In addition to new R&D and laboratory capacity, the production facilities are also being expanded and a new production standard is being set. Together with BWT Pharma & Biotech there are around 100 employees working at the new BWT site.

Research partnerships continued
To ensure the sustainability of work at FUMATECH BWT and secure a stable market position in the long term, the current development projects and research partnerships established in 2015 are being continued. RWTH Aachen and the Jülich research centre a will continue to act as key research and development partners. In addition, a bilateral partnership with the HySA research centres of the Department of Science and Technology of the Republic of South Africa is supported in the field of fuel cells and water electrolysis.

Current research and development work encompasses systems designed to save, convert and store energy.

In the area of energy saving, the focus of research is on low-energy membrane processes for treating and disinfecting water. Energy-saving measures in small-scale consumption systems include, for example, the recovery of latent heat from waste air flows from low-energy houses using enthalpy exchangers.

In the area of energy conversion, an international consortium is developing new materials and membrane electrode units for automotive application of fuel cells at higher temperatures and unmoistened operation. Alongside this, aspects are investigated like quality assurance in series productions of membranes, units of membrane-electrodes as well as damage analysis of series production as a preventive measure for commercialisation of fuel cells.

However, the biggest research and development efforts are currently being made in the field of energy storage. For example, membranes and membrane electrode units are being developed for PEM electrolysis and alkaline electrolysis for recovering hydrogen. This hydrogen can be fed to a methanation system with carbon dioxide, supplied directly to the natural gas grid to increase the calorific value and used ideally in decentralised systems as a direct energy source for electromobility solutions. In addition to chemical energy storage, the even more efficient storage of energy in batteries is also an option. Here, FUMATECH BWT is focusing on developing separators for large-scale electrochemical storage devices in the MW range and developing membranes for redox flow batteries. In a flagship project with DECHEMA as well as the Universities of Hamburg, Aachen and Erlangen, separators for a new type of tubular battery are being developed. In 2015, the vanadium redox battery (VRB) in particular achieved major commercial importance for storing solar electricity in household applications and above all for storing regenerative energy from wind turbine and solar plants in the MW range. The short-term market potential of VRB is already estimated at 200 MW. The current development of new and low cost electrolyte systems may promise a stronger growth rate and a higher market share for flow batteries in the area of energy storage.

25 years of BWT

HIGHLIGHTS OF 2015

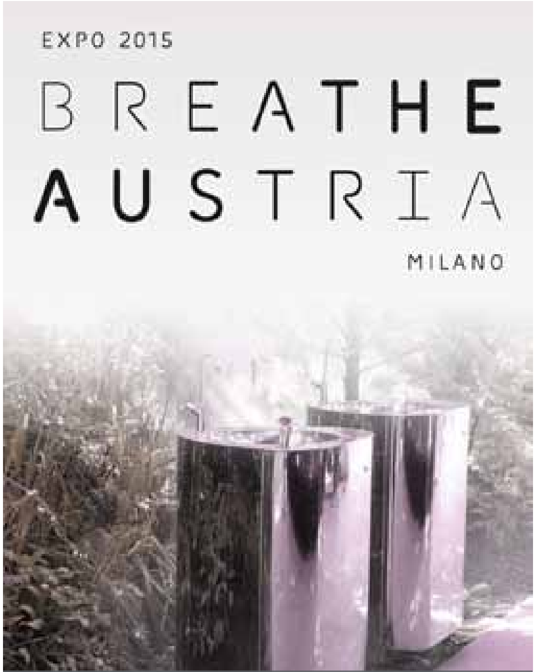
Austrian of the Year – "Entrepreneurship" category

Mercedes-AMG DTM

Innovation Day – 25 years of BWT

With the new packaging design at IFA in Berlin

BARRIER – labelled the no. 1 brand in Russia



BWT drinking water fountains – expo in Milan

ISH Frankfurt – world's biggest showcase for heating, bathroom and air-conditioning technology

25 pearl water centres in Austria and Germany

10 years of YKML – BWT Shanghai

Sustainability – For You and Planet Blue.

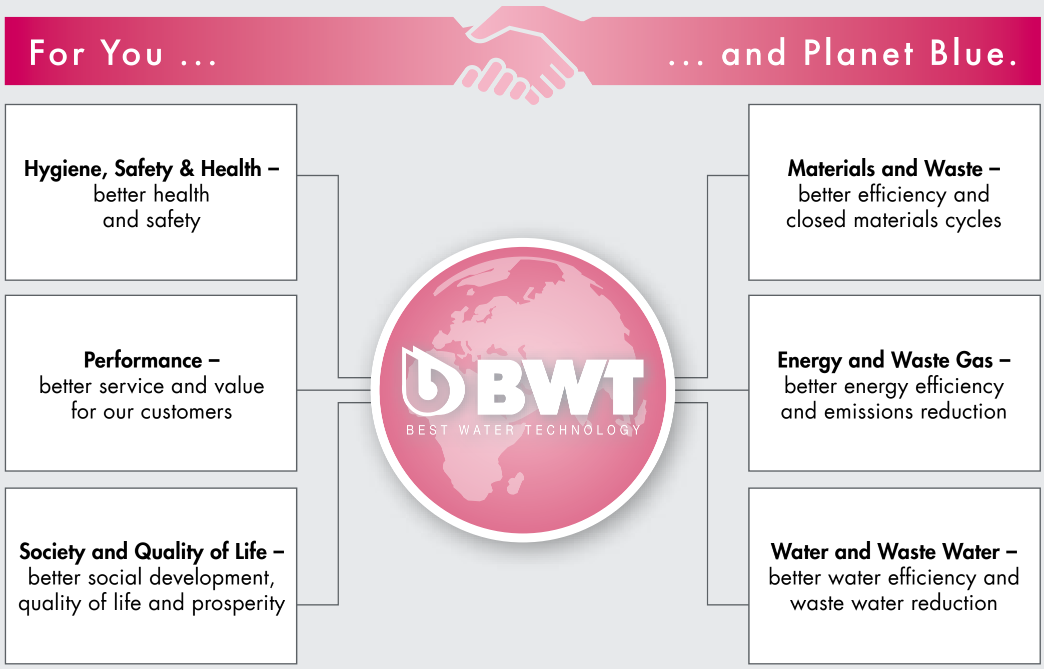
The mission of BWT – For You and Planet Blue.
Water is the global challenge of the 21st century. In the UN Commission's Brundtland Report "Our Common Future", sustainability is defined as follows: "Sustainable development is the kind of development that meets the needs of current generations without compromising the ability of future generations to meet their own needs." With our rich corporate culture and broad range of water treatment systems and services for a wide variety of applications, we do our bit to meet people's needs for high-quality drinking water, health and well-being. Ever since the Company was founded in 1990, the letters BWT – Best Water Technology – have represented the goal, mission and solution of our global challenge – water treatment with responsibility.

"BWT – For You and Planet Blue" conveys our claim to take ecological, economic and social responsibility to offer our partners and customers the best products, facilities, technologies and services across all water treatment applications and at the same time to make a valuable contribution to protecting the worldwide resources of our blue planet. We are convinced that sustainability is a major driver of innovation.

Sustainability as part of our corporate culture

BWT's corporate culture represents our basic values in which we place our particular trust. Closely associated with this is the goal of anchoring sustainability in all our activities throughout the value chain over the long term and in a business sense. On the way to achieving this goal, our mission has been the BWT company concept, which encapsulates our corporate and brand values and serves as a guiding light to our 3,300 or so employees.

Considering the projections that have been made, we expect the significance of the raw material that is water to grow considerably in future years from a political, social and economic perspective. In society as a whole, ever-faster population growth combined with the increased demand for food and energy as well as increased water contamination pose challenges that must be overcome. At an individual level, changing consumer behaviour combined with more stringent water quality requirements are key growth drivers in the water industry. However, in many regions the supply of freshwater from the ecosystem is reaching its limits ("water stress") due to overuse. The global task essential to preserve sustainable life on Earth is therefore to break the link between growth and quality of life on the one hand and emissions and the consumption of resources on the other. Our contribution as a company lies in the development of water technology products and services aimed at supplying the best possible wate



"For You and Planet Blue" in our areas of activity

In keeping with our mission, we have therefore defined six strategic areas of activity by which to measure our actions. The category "For You" encompasses our social and economic sustainability and comprises the provision of products and services that have an impact on hygiene, health and safety, and that relate to quality of life and society. "For You" is therefore directed at all our stakeholders. The category "and Planet Blue" integrates the ecological dimension of sustainability. The conservation of resources measured by material input and waste, energy and emissions, as well as water and wastewater act as guidelines governing our business operations.

In the area of technology innovation and product development, this model forms an important foundation. It is supplemented by the BWT Group's Code of Conduct, which sets out clear guidelines for our employees regarding our moral and ethical values in accordance with which we perform our daily work. Where necessary, the Code of Conduct is supplemented by further-reaching voluntary and statutory regulations, including the BWT Compliance Guidelines to prevent the misuse of insider information, the Corporate Governance Regulations according to the Austrian Working Group for Corporate Governance, the BWT Management Handbook, BWT's IT Policy and several other international and locally applicable guidelines.

Compliance

The compliance system ensures that the organisational requirements are met for compliance with both existing statutory regulations and the Group's voluntary, company-specific guidelines. The purpose of this is not just to avoid risks (liabilities, penalties and fines), but also to create a positive public image for the Company and its employees. Compliance is dealt with at the highest level, i.e. in the Management Board, by Gerhard Speigner (CFO) in his role as Compliance Officer. He is supported in this role by compliance officers in the holding company as well as in the Group companies.

Our stakeholders

It is essential that we consider the interests of all stakeholders to ensure the long-term success of the Company. The BWT Group has identified its stakeholders and maintains a close dialogue with all its key stakeholders.

Our most important stakeholders are customers and partners such as wholesalers, installers, planners and architects, employees, suppliers, the environment, society (authorities, social security associations, the public) as well as capital providers such as investors and banks. The following overview shows the corporate departments that are engaged in dialogue with stakeholders along with the stakeholders in question:

BWT operating function	Stakeholder	BWT stakeholder and their dimension
Finance →	Capital providers (investors, banks)	Shareholder structure: Major shareholder 81.2%; free float 12.8%; treasury shares 6.0%; some institutional investors as well as retail investors and banks; € 8.0 million in dividends, interest and similar expenses
Human Resources →	Employees	3,276 employees (FTE) worldwide, thereof 98.3% in Europe; € 177.8 million in personnel expenses
Research & Development →	Environment, customers and partners	Economically and ecologically optimised water treatment products and processes; direct R&D expenditure €10.6 million
Purchasing →	Market partners (suppliers)	Several thousand suppliers; cost of materials and operating expenditure € 317.1 million
Production →	Environment	Five main production sites: Mondsee (Austria), Schriesheim (Germany), Paris (France), Aesch (Switzerland), Moscow (Russia); € 14.4 million in investments in intangible assets and property, plant and equipment
Sales & Service →	Customers and distribution partners	Customers and partners from wholesale, retail, industry and municipalities; revenues of € 535.3 million
BWT Group overall →	Society	Authorities; social insurance providers; € 42.0 million in taxes, levies, statutory payroll and social security charges, and donations

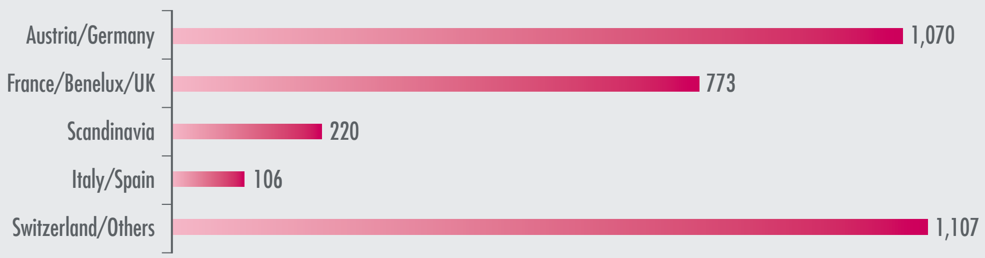
Sustainability progress report 2015

For its sustainable success, the BWT Group invests in infrastructure, research and development, and the development of its brand. The extensive programme of investment in facilities and infrastructure that began in 2011 was completed in the 2014 financial year. Existing parts of the plants are also continuously brought up to date in terms of technology, for example by increasing energy efficiency. A further area of focus is on investments in partner and customer relations through advanced customer seminar programmes at the Group's own technology training centres. The BWT Group has leading R&D expertise in all areas of water treatment. We are ensuring our technological lead with our capacity for innovation. Our marketing investments were systematically continued to establish BWT on the market as the "water brand". Acquiring the Russian METTEM Technologies Group has enabled us to strengthen our product portfolio, expand our production and distribution capacities in the high-growth Point of Use business, and has given us a foothold in a new consumer market with over 140 million people.

Employees
Motivated employees are at the heart of a successful company. BWT offers a range of challenging and attractive job profiles that boost an employee's individual talents. Areas of activity extend from basic research right up to product development, and from process engineering to finance and fitting right through to marketing and sales and the internal service departments. Good training is a top priority for BWT. A total of €798 thousand was spent on external training in the reporting year (2014: €833 thousand). This is in addition to an extensive internal training schedule and a programme for junior staff, i.e. as part of apprentice training.

At the end of 2015, the BWT Group employed 3,276 people (based on full-time equivalents). This marks an increase of 689 compared with the previous year, mainly as a result of the acquisition of the BWT BARRIER Group and the expansion of the Point of Use and Service segment. Around 33% of the workforce is located in Austria and Germany and approximately 24% in France, Benelux and the UK. The remaining percentage is distributed across other regions.

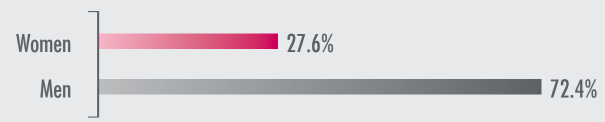
Employees, regional breakdown



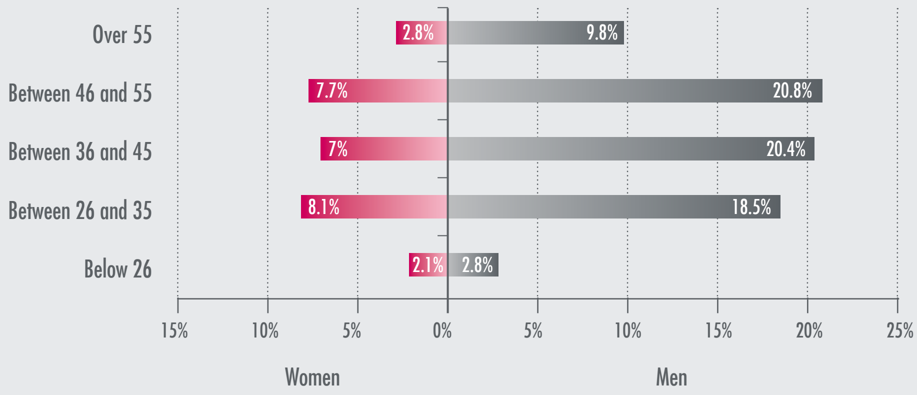
Demographically speaking, male employees in the two age groups 36–45 and 46–55 have the highest share of employees at 41% combined. The reason for the higher share of male employees lies in the strong technical orientation of our business areas. The fields of production, logistics, IT and R&D account for almost 35% of our business. The biggest percentage of female employees, at 8%, is aged between 26 and 35. The share of female employees remained stable overall year on year at around 28%. The share of women taking part in training increased from 25% to 26%. Equal opportunities in the workplace and equal treatment of employees are self-evident for the BWT Group.

Measures to provide opportunities for women include their increased involvement in internal training and support schemes, opportunities designed to facilitate the work/life balance with flexible working time models (e.g. part-time work) and the option of working from home. Employee turnover was around 7.5% in the reporting year.

Employees by gender/mode of employment



Employees, age structure by gender, share of staff



The share of part-time staff was unchanged year on year at around 9%. Also unchanged against 2014 according to provisional figures, around 60% of the workforce took part in internal or external training. Absenteeism averaged nine days per employee in the year under review. The most important tasks for the future include the further improvement of occupational health and safety measures and reducing turnover.

BWT employee event

On 25 and 26 September 2015, employees took centre stage at the BWT headquarters in Mondsee. On Friday evening, the 550 employees invited by BWT were treated to a gourmet buffet in a marquee with appropriate music and a flashback on 25 years of BWT. The Saturday was devoted to employees' families and friends. More than 900 visitors made the most of this opportunity to find out more about the Company. The day was designed to be both informative and entertaining to adults and children alike – with tours of the new production facility, a fun-packed children's programme and a BWT challenge. The employee event provides a platform for continuously raising awareness, completely in keeping with our mission "For You and Planet Blue".

Customers
Our customers include wholesalers, installers, architects, planners and a large number of businesses from virtually all sectors, the pharmaceutical industry and municipalities (e.g. hospitals), which are served by our local customer branches as well as field and service staff who are trained at BWT in-house training centres. In the export markets, there is a dynamic and growing network of partners including general importers and wholesalers. In our Point of Use activities, end consumers and retailers are now playing an increasing role.

The establishment of the "BWT" brand among consumers and the associated development and expansion of the Point of Use business segment are an integral part of BWT's sustainability strategy. The Point of Use segment, which was already responsible for 13.8% of the Group's revenues back in 2015, acts as a catalyst for the BWT Group as a whole and investment is made at all levels of the Company to provide impetus for development. Specifically, all the other product segments and partners stand to benefit from the new Point of Use business areas and from greater brand awareness of BWT ("push-pull strategy").

The development and expansion of our ("drinking water professionals") partner network in the Point of Entry product segments continued in 2015 as well. The network now comprises around 2,500 BWT drinking water professionals and partners in Germany and Austria who, as qualified specialists, install BWT products for end consumers. The expansion of sales is being driven forward in the Point of Use segment as well as in international sales. As of February 2015, 25 BWT pearl water consulting centres were opened gradually throughout Austria and Germany. This gave end consumers the chance to experience the benefits of silky-smooth BWT pearl water up close.

Certification gives business partners and customers the confidence that we work to the very highest standards. Group-wide, 14 locations were certified in accordance with the quality management system ISO 9001 and 8 in accordance with the environmental management system ISO 14001 in the reporting year. The systematic tracking of quality and environmental performance indicators ensures the constant evolution of all process at the respective subsidiaries.

Progress through expertise – Technology training centre

As part of the programme of investment that commenced in 2011, the R&D, production and logistics capacities of the BWT headquarters were steadily expanded. But investments in partner and customer relations are also being stepped up in line with the growth strategy to help the Company become the world's leading water technology group. The ongoing training of employees and partners across the BWT network plays an instrumental role in this respect. At the new technology training centre, we supply partners and customers with BWT water technology expertise first-hand with training on a wide variety of focal topics for a competitive edge, specialist knowledge and, ultimately, a satisfied customer. Practice-oriented BWT experts pass on their expertise in a visually appealing way. In addition, an attractive and innovative programme containing various seminars and events was created for 2016 under the strapline "The future starts now". The programme was continuously adapted based on the practical experiences and new standards and legal regulations of the past few years, and a team of competent and practical trainers and instructors with the best knowledge of BWT – and especially cutting-edge water technology – was established.

Suppliers
Adherence to BWT sustainability principles is safeguarded throughout the entire value chain. The assessment of suppliers is based on sustainable dialogue and partnership, and helps them to improve their performance even further. Procurement is carried out by means of a centrally-coordinated Group procurement mechanism and, at local or regional level, by the procurement departments of local Group companies. Procurement terms and conditions also include ethical and environmental standards. These include a ban on child labour, discrimination and corruption as well as environmental compliance, particularly with regard to packaging. A system of regular supplier audits is also in place.

Economy
From an economic perspective, too, sustainability is one of the great challenges of our time. We are making the vision and corporate goals of the BWT Group a reality in the long term with our growth strategy. A solid balance sheet picture, low debt leverage, a high equity ratio and investments in R&D, infrastructure and brand development constitute a strong basis for optimally exploiting our opportunities in the growth market of water treatment systems. In the long term, the Group is striving to finance its activities from its own cash flow.

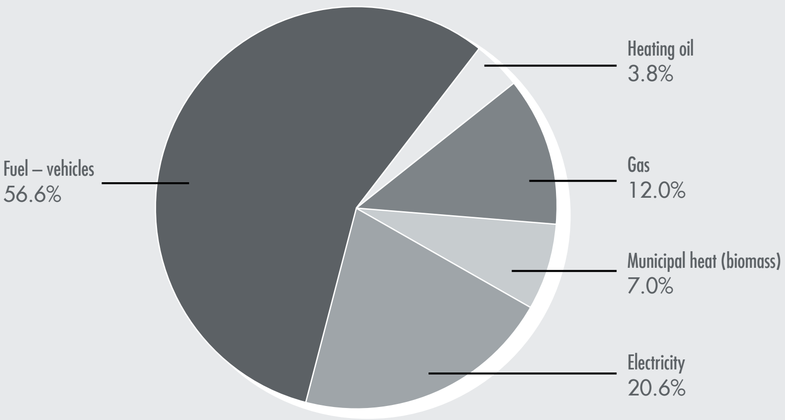
The high capacity for innovation – one of the main pillars of the BWT Group's growth strategy – has continuously set new standards in the water technology sector over the past 25 years. BWT products therefore deliver the highest standards of safety, hygiene and health, as well as efficiency, environmental friendliness and sustainability. Customers should be able to tell the difference with BWT water, according to the philosophy "Feel – taste – see the difference". In 2015, the Group spent €10.6 million on its various research and development activities (2014: €9.7 million).

Environment
Within the context of the existing quality and environmental management certification (ISO 9001 and ISO 14001), a particular emphasis is placed on energy consumption, waste prevention and recycling. Major successes were achieved with the optimisation of logistics, but energy consumption has increased in absolute terms due to expansion – albeit with sustainable energies. Up to November, the share of renewable energy sources at the main site in Mondsee was around 95% for heating and 70% for electricity. Since November 2015, 90% of the electricity used at the BWT headquarters has come from hydropower and 10% from other environmentally friendly energy sources. Thanks to this conversion, no CO_2 emissions are produced. The new location in Bietigheim-Bissingen sets a high ecological benchmark with its state-of-the-art insulation and intelligent building technology, which draws energy from production facilities to heat office space in winter and provides natural cooling via a grass-covered roof in summer.

For its professional waste management, BWT has agreements with licensed scrap material companies for the collection and environmentally sound disposal of waste in all countries where its production plants are based. Virtually all brass and cardboard packaging are already recycled, for example.

According to provisional figures, the energy consumption of the BWT Group was 61.6 GW/h in 2015. At around 57%, the largest share of this relates to fuel consumption for the Company's large fleet of vehicles (1,240 vehicles). Heating accounts for roughly a quarter of energy consumption and electricity for around a fifth. The share of biomass as a renewable energy source increased against the previous year from 4% to 7%.

Energy use in the BWT Group (%)



The breakdown of CO_2 emissions mirrored this, with the highest share of around 58% again largely relating to the Company's fleet of vehicles, while most of the remainder was attributed to heating. In 2015, a total of 14,600 tonnes of CO_2 were emitted, which equates to a slight decrease. 11,100 tonnes of emissions were emitted directly and 3,550 tonnes indirectly (electricity). The decrease is primarily due to the energy efficiency measures in place at the German FUMATECH BWT company.

Successful energy management

"For You and Planet Blue" is also a sustainability mission to protect our planet Earth. BWT makes an ongoing contribution to reducing energy consumption and preventing energy wastage in line with the key objectives of the European Union. The EU wants to cut annual primary energy consumption by 20% compared with 1990 levels by 2020. In Austria, the EU Directive has been implemented within the scope of the Energy Efficiency Act. At the Mondsee site, BWT made savings of around 8% in total energy consumption by converting to intelligently managed compressed air systems, recovering heat in the foundry and using more energy-efficient company cars – this represents over 900 MWh.

Relatively speaking, however, the acquisition of new, more efficient vehicles for the Company's internal fleet as well as the state-of-the-art new buildings mean that the situation has improved.

Society

As a taxpayer, the BWT Group paid around €7.7 million in income taxes in 2015 (previous year: €8.6 million); its tax rate was 46.4% (previous year: 44.9%). Furthermore, other taxes and levies amounted to €3.6 million (previous year: €3.2 million) and statutory social security contributions amounted to €30.7 million (previous year: €29.1 million). A total of €42.0 million was therefore paid directly to public funds and social security institutions.

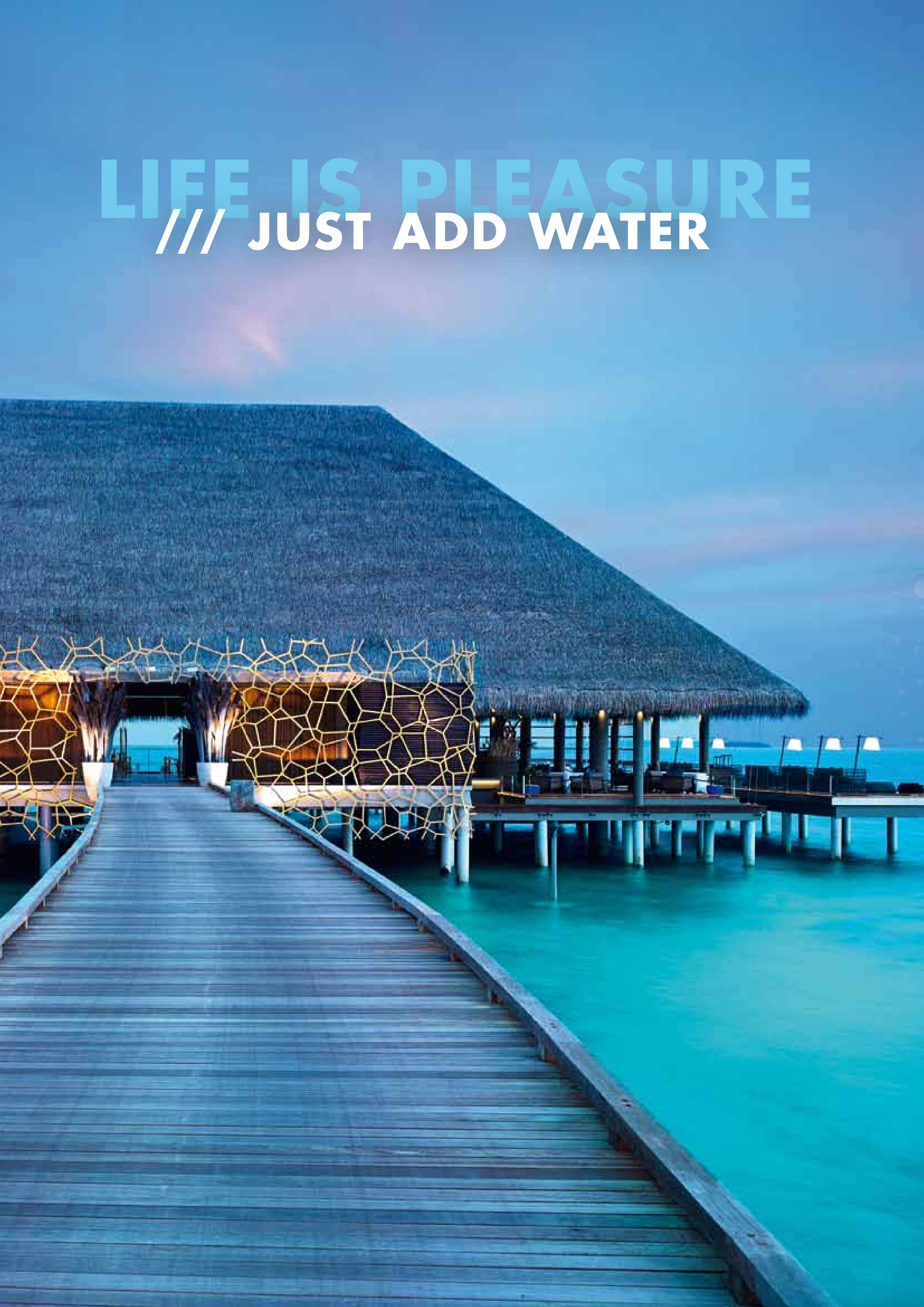
In 2015, the Company again supported national and international relief projects, making financial donations and aiding projects in emerging countries (e.g. building wells in Cambodia, hurricane relief in Cuba and AIDS/HIV awareness in Kenya) in addition to helping to alleviate hardship for employees and others in the region. It also supported sports clubs and young sportspeople through sponsoring initiatives.

Social responsibility

Hardship and despair often take place in seclusion and silence, and frequently go unnoticed by the general public. In 2015, BWT devoted itself to this cause, working together with 16 national and international aid organisations and supporting them with total funding of €321,000. One such organisation was the Vienna mobile children's hospice (MOMO). For the past three years, the organisation has been professionally caring for and looking after seriously ill children in the comfort of their own homes, enabling them to spend precious time with their parents and healthy siblings. The huge demand for this service shows just how great the need is for medical treatment and psychosocial support of families affected in the wider area of Vienna. Worries and concerns as well as the cost of the child's treatment often leave little time for social contact and also frequently result in a significant financial burden. The organisation is purely funded through donations and the care it provides for these families is free of charge.

Photo: Martina Konrad-Murphy

LIFE IS PLEASURE
/// JUST ADD WATER



ON APPROACH TO VELAA PRIVATE ISLAND, PASSENGERS SET EYES UPON A BLUE WONDER.

Floating on the turquoise expanse of the Indian Ocean, this unique resort exudes peace and tranquillity. The island is surrounded by an abundance of water. And yet this was the biggest challenge when creating this paradise. This is because, in the island kingdom of the Maldives, freshwater is a precious resource that has to be managed carefully. The all-inclusive water treatment package from BWT includes a seawater purification plant, an MBR wastewater recycling system and 54 swimming pools. And the demanding guests can rest assured: with BWT, they can count on the highest quality – even down to the water.

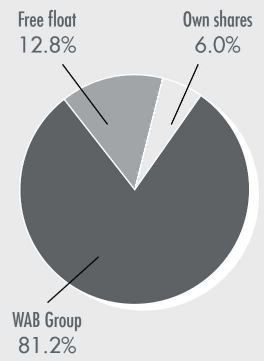
The BWT share

Data and facts about the BWT share

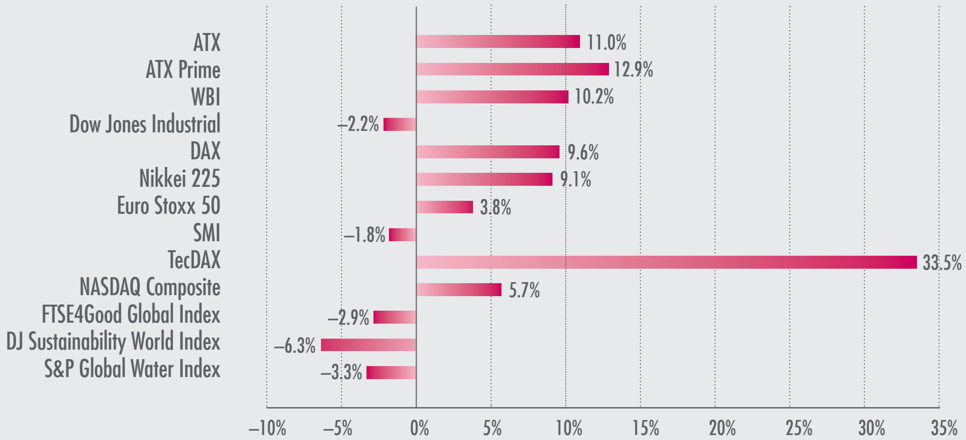
Number of shares	17,833,500 shares[1], issued to bearer
Free float (31 Dec. 2013)	12.80% as at 31. Dec. 2015
ISIN	AT0000737705
Bloomberg code	BWT AV
Reuters code	BWTV.VI
Main trading center	Vienna Stock Exchange
2015 low	€ 17.04 (as at 14/01/2015; 2014: € 15.00)
Average price 2015	€ 19.24 (2015: € 16.35)
2015 high	€ 21.00 (as at 24/06/2015; 2015: € 18.00)
Year-end price 2015	€ 19.50 (2014: € 17.06)
Market capitalization	€ 348 Mio. (as at 30/12/2015; 30/12/2014: € 304 Mio.)
Trading volume per day	3,113 shares (double counting, Vienna Stock Exchange, 2015)
Trading turnover per day	€ 61,408 (double counting, Vienna Stock Exchange, 2015)
Index membership	WBI

[1] *therof 1,073,418 (6.02%) treasury shares as at 31 December 2015*

Shareholder structure (Dec. 2015)



Index performance 2015



Source: onvista.de, Vienna Stock Exchange AG

Information per share	2015	2014	Change
Earnings (€)	0.63	0.61	3.3%
Dividend (€)	0.20*	0.28	–28.6%
Book value (€)	10.94	10.20	7.3%
P/E maximum	33.3	29.5	–
P/E minimum	27.0	24.6	–
P/E year-end	31.0	28.0	–

** Proposal to the Annual General Meeting*

Share performance in 2015

In 2015, the stock markets displayed increasing uncertainty in the form of greater volatility. In addition to the financial and debt crisis, which has still not been fully digested, geopolitical tensions such as the situation in Ukraine, the Greece crisis and the war in Syria were still prevalent. The US Federal Reserve made a historic decision in terms of monetary policy, increasing the key interest rate again for the first time since 2006.

After a series of highly positive share price performances in previous years, the Dow Jones Industrial Average posted a loss of 2.2% this year – posting its first negative annual performance since 2008. The index started the year at 17,823.07 points, hitting the 18,000 point mark in the middle of February. The US leading index reached its high of 18,351.39 points on 19 May. The slump in oil prices and the crash of the Chinese yuan not only unsettled the stock markets in Europe, but also impacted the USA as well. The index reached its annual low of 15,370.33 points in August, before finally closing the year at 17,425.03 points. The NASDAQ 100 technology index gained around 10% overall in 2015.

The German share index (DAX) posted a positive performance. Its annual performance was 9.6%, which meant the fourth annual gain in succession. The DAX started 2015 at 9,805.55 points and gained steadily. The DAX hit 12,000 points for the first time of the year on 18 March, before climbing to its high of 12,390.75 points in April. From August onwards, the DAX ground to a halt, losing more than 1,100 points, and fell to its poorest month on record since 2011. The weak economic growth in China and the uncertainty surrounding the interest rate hike in the USA were sources of concern for investors. The DAX posted its low of 9,325.05 points on 29 September, before closing 2015 at 10,743.01 points. The TecDax technology index also performed positively, gaining around 34% in the year just ended.

The performance of the Austrian stock market was just as pleasing. The Austrian Traded Index (ATX) increased by around 11%, putting it among the leading indexes in an international comparison. The ATX started 2015 at 2,160.08 points, before hitting its annual low of 2,122.08 points as early as 14 January. The high of 2,681.44 points was posted in the middle of May. The ATX posted 2,396.94 points at year-end.

At the end of 2015, the market capitalisation of the Vienna Stock Exchange stood at roughly €86.3 billion. This represents an increase of 7.9% compared with the year-end figure for last year. Share sales activities went up by 24.27% compared with 2014. From February to November, the Vienna Stock Exchange posted a rise in sales year on year in every single month. Particularly notable were the months of March, June and November. In March, the highest monthly sales since August 2011 were achieved at just under €5.7 billion. After a record year for capital increases last year (volume for 2014: around €4 billion), companies were more prudent this year. There were six capital increases carried out by four companies with a volume in the region of €320 million.

The Sustainable Business Institute covers all funds that take into account social, ecological or ethical criteria to a significant extent. There were 400 such public funds in the Germany/Austria/Switzerland economic area at the end of the year, compared with 393 in the previous year. The volume of funds covers €45 billion (previous year €47 billion). 39 new funds were entered in the database in 2015.

The BWT share opened the year at a price of €17.06 per share. The share hit its low on 14 and 15 January at €17.04. From this point onwards, it performed positively in the first half of the year and reached its highest price of €21.00 twice, on 24 June and 2 July. The BWT share ended 2015 with a price per share of €19.50, which equates to a market capitalisation figure of approximately €348 million. The annual performance was up 14.3%.

At year-end, BWT Aktiengesellschaft holds 1,073,418 treasury shares, which is the same number as in 2014. This corresponds to 6% of the total outstanding shares. Mr Weissenbacher, WAB Privatstiftung, FN 166606 i, a private trust within the meaning of the Takeover Act (ÜbG) controlled by Mr Andreas Weissenbacher, and its subsidiary FIBA Beteiligungs- und Anlage GmbH together hold 14,477,866 shares (previous year: 14,205,880 shares). This equates to 81.2%. The free float decreased commensurately to 12.8% and is held by Austrian and international investors. BWT's shares are listed on the Standard Market Auction of the Vienna Stock Exchange under ISIN AT0000737705.

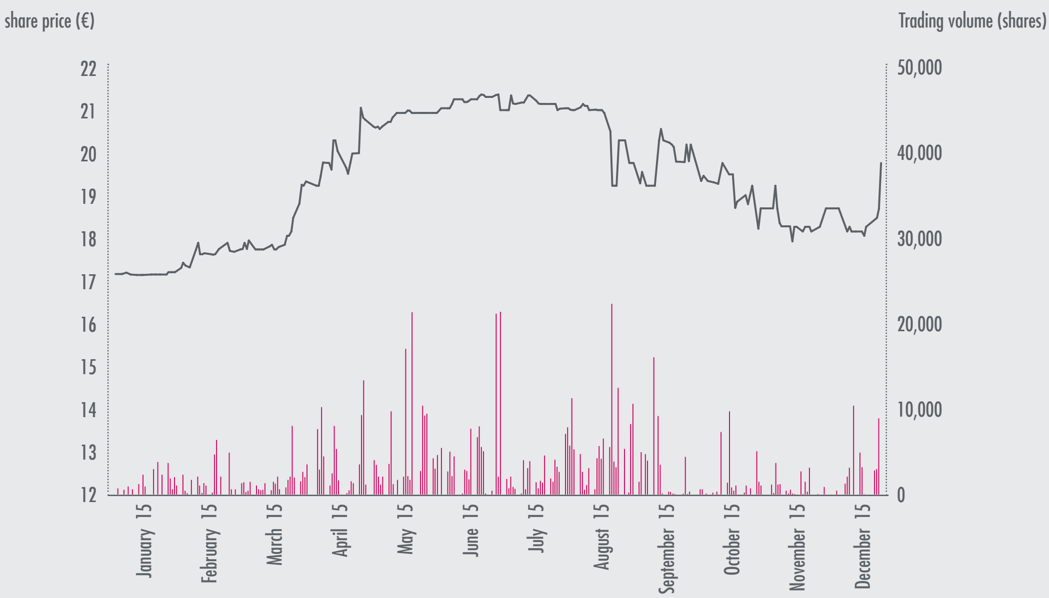
The Management Board and Supervisory Board will propose to the next Annual General Meeting a dividend payment of €0.20 per share for outstanding shares for the 2015 financial year. This represents a total amount of €3.35 million. The payout ratio would thus be 31.7%.

On 5 March 2015, FIBA Beteiligungs- und Anlage GmbH filed a motion to add the following point to the agenda for the Annual General meeting: "Resolution on the merger of BWT Aktiengesellschaft by transferring its entire assets to a limited company not yet established as the absorbing entity and authorisation of completion of the merger agreement to bring about the delisting of BWT's share on the Vienna Stock Exchange." On 28 May, the Management Board resolved the implementation of the merger. The required documentation for the merger was subsequently prepared and published. The Annual General Meeting of 25 August 2015 resolved the merger and, with it, the delisting of BWT's share. However, registration of the merger in the companies register was suspended by the Regional Court of Wels until a decision has been reached on the actions for rescission brought against the merger resolution. The actions for rescission are currently pending at first instance. As long as the merger is not registered in the companies register, it is not effective in law. For the current shareholders of BWT AG, delisting – as a result of the merger being entered in the companies register – would mean that their shares listed for official trading on the Vienna Stock Exchange would be swapped over the course of the merger for non-listed nominal shares of BWT Holding AG – a company that is essentially identical to BWT Aktiengesellschaft, apart from the shares being listed.

Investor Relations

The objective of our IR work is to present as true and fair a picture as possible of the Company and its potential for development in its markets, therefore creating a basis of information on which to arrive at a sustainable decision to invest in our Company. Our commitment to the Austrian Corporate Governance Code and the support of our investors form an integral part of this strategy.

BWT share performance chart for 2015



Source: Vienna Stock Exchange AG

Information and contact:

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Investor Relations:	Andreas Weissenbacher/CEO, Gerhard Speigner/CFO
Shareholder telephone:	+43 6232/50 11-1113
E-Mail:	investor.relations@bwt-group.com

Corporate-Governance-Bericht

pursuant to Section 243b of the Austrian Commercial Code (UGB)

BWT – For You and Planet Blue is also evidenced by responsible management including transparency for all stakeholders. Since going public in 1992, BWT has been pursuing the goal of sustainable, ecologically and economically oriented value generation.

BWT complies with the Austrian Corporate Governance Code, a regulation framework of standards for sound management and supervision of the company. This includes the standards of good corporate management common in international practice (OECD Principles, EU Transparency Directive) but also the important provisions of Austrian corporation legislation in this respect (Austrian Stock Exchange Act, Company Law Amendment Act 2013, Corporate Law Amendment Act 2008). This enables transparency for all stakeholders of the company. The Code is publicly accessible on the homepage of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

To avoid insider trading, since 2002 BWT has implemented a policy based on the Emittenten-Compliance-Verordnung (ECV – Regulation on Compliance for Issuers) of the Austrian Financial Market Authority. The Code of Conduct, which was amended in 2010, is aimed at all employees, includes all the principles of conduct, and provides guidance on the fundamental ethical and legal obligations of BWT employees.

Following the update in 2015, the new Corporate Governance Code has now come into force. The main amendments to the revised Code concern the implementation of the Recommendation of the EU Commission of 9 April 2014 on the quality of corporate governance reporting ("Comply or Explain") and the consideration of the new comment letter of AFRAC (Austrian Financial Reporting and Auditing Committee) on the drafting and auditing of corporate governance reports pursuant to Section 243b of the Austrian Commercial Code (UGB).

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

BWT applies the Corporate Governance Code in the January 2015 version in full with the following explanations:

The Management Board
The Management Board is made up of Mr Andreas Weissenbacher (born 1959) who has been Chief Executive Officer of BWT AG since 8 January 1991. Mr Weissenbacher is responsible for the operating business and for the departments Research & Development, Purchasing, Human Resources, Marketing, and Investor & Public Relations. Mr Gerhard Speigner (born 1960) has held the office of Chief Financial Officer since 1 May 1996 and manages the departments Finance, Controlling, Treasury, Business Analysis, Information Technology, Law, Taxes and Risk Management. Both members of the Management Board are appointed until 20 September 2020. This organisation allows for a high level of flexibility and efficient operation within the Management Board. None of the members of the Management Board assumed any other supervisory board mandates or similar functions in domestic or foreign listed companies in the period under review.

The Supervisory Board

The Supervisory Board is currently composed of five members with considerable expertise in business administration and legal affairs, personal qualifications and many years of experience, who are elected by the Annual General Meeting. All members are Austrian citizens.

Supervisory Board member	First appointed	End of current term
Dr Leopold Bednar (Chairman, born 1948)	5 July 1991	AGM 2016
Dr Wolfgang Hochsteger (Vice-Chairman, born 1950)	5 July 1991	AGM 2016
Gerda Egger (born 1964)	24 May 1996	AGM 2016
Dipl.-Vw. Ekkehard Reicher (born 1941)	24 May 1996	AGM 2016
Dr Helmut Schützeneder (born 1944)	25 May 2011	AGM 2016

None of the members of the Supervisory Board assumed any other supervisory board mandates or similar functions in domestic or foreign listed companies in the period under review.

Independence of the Supervisory Board

Every member of the Supervisory Board whose business or personal relationship with BWT AG or its Management Board does not constitute a material conflict of interest allowing the member's behaviour to be influenced is deemed to be "independent" pursuant to the general clause of Rule 53. The criteria for independence are set in accordance with the guidelines of the Corporate Governance Code (Annex 1). The Supervisory Board thus comprises the following independent members: Dr Leopold Bednar, Dr Helmut Schützeneder.

Committees and activities of the Supervisory Board

The Supervisory Board of BWT AG is made up of experts of various disciplines and holds regular meetings on issues like strategy, balance sheet and personnel of the Group. Within this scope, the Supervisory Board of BWT AG is also involved in important decisions of the Management Board as an advisory body.

Apart from the Audit Committee, there are no other committees established by the Supervisory Board of BWT AG. The duties of a Nomination and Remuneration Committee are assumed by the entire Supervisory Board. The following persons of the Supervisory Board form part of the Audit Committee: Dr Bednar as Chairman, Ms Egger and Mr Reicher (Dipl.-Vw.). The Audit Committee held two meetings in 2015 at which the preparation and analysis of the annual financial statements and the internal control, auditing and risk systems were discussed. The auditors attended both meetings.

In 2015, the Supervisory Board held four ordinary meetings and two extraordinary meetings. The average attendance rate was 87%. The main activities of the Supervisory Board in the reporting period are detailed in the Report of the Supervisory Board.

Internal auditing
The internal auditing duties are performed by the Group Finance department. The Management and Supervisory Boards are given regular reports about important results of these activities.

Report on the remuneration of the Management Board
Management Board remuneration is determined by the scope of duties, responsibility and the personal performance of the board member as well as the achievement of company targets, size and the economic health of the company. At BWT AG, performance-related remuneration is not issued via share options, but is dependent on long-term and sustainable performance criteria. These include predefined goals with regard to company results, as well as qualitative and quantitative goals.

In 2015, 82% of the total remuneration of the Management Board was fixed and 18% performance-related. No figure was determined for the variable maximum. In 2015, the remuneration of Mr Andreas Weissenbacher amounted to €482,000 and that of Mr Gerhard Speigner to €416,000. There is no company pension plan. There are also no Management Board entitlements or individual legal rights should the function be terminated. There is a liability insurance protection policy in place for the management of the Group (D&O insurance).

The duties of the Remuneration Committee are assumed by the entire Supervisory Board. Relevant knowledge and experience about remuneration policy is possessed in particular by Dr Bednar.

Report on the remuneration of the Supervisory Board
The remuneration of the members of the Supervisory Board was determined by the Annual General Meeting on 25 August 2015, for the 2015 financial year. The members of the Supervisory Board received expense reimbursements totalling €60,000 for their activities during the 2015 financial year (2014: €60,000). The basic remuneration for the members amounted to €10,000 (2014: €10,000) per person, and €30,000 for the Chairman (2014: €30,000). Mr Ekkehard Reicher (Dipl.-Vw.) declined reimbursement for expenses. In addition, travel costs were also reimbursed.

Measures to provide opportunities for women in the Management Board, Supervisory Board and in top management positions
It goes without saying that BWT acknowledges equal opportunities at work and equal treatment of employees. Measures to provide opportunities for women include a special focus on women in internal training and support schemes and opportunities to facilitate the balance of work and family life through flexible working time models (e.g. part time work) and home office options. Female employees make up roughly 10% of the management of the BWT Group and 20% of the Supervisory Board.

Mondsee, 25th February 2016

The Management Board

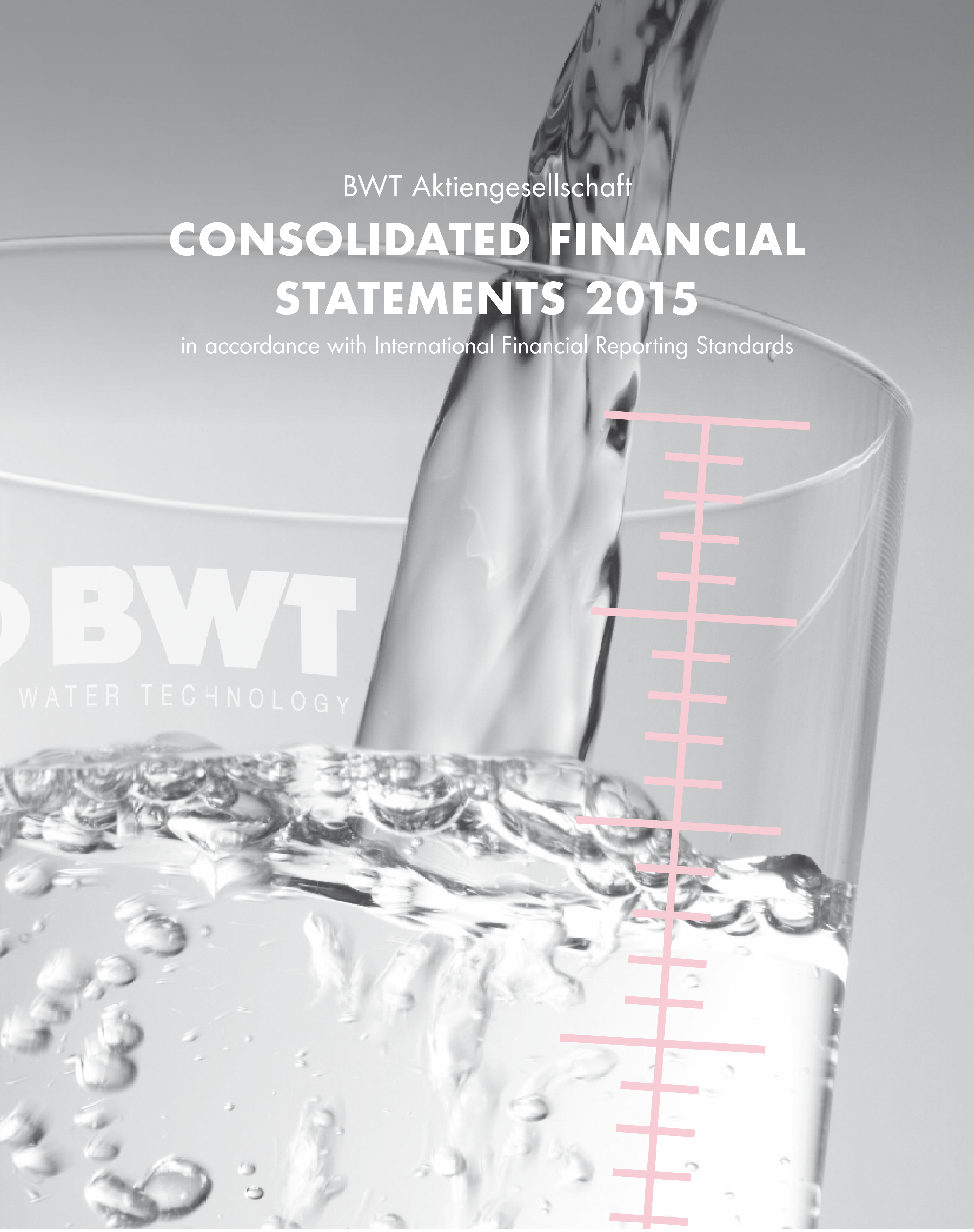
Andreas Weissenbacher
Chief Executive Officer

Gerhard Speigner
Chief Financial Officer

BWT Aktiengesellschaft

CONSOLIDATED FINANCIAL STATEMENTS 2015

in accordance with International Financial Reporting Standards



I. Consolidated income statement for financial year 2015

	Note	2015 T€	2014 T€
Revenues	(1)	535,307.3	505,317.9
Other operating income	(2)	7,220.0	9,841.7
Changes in inventories of finished goods and work in progress		958.1	1,860.5
Other own work capitalised	(2)	476.1	439.1
Cost of materials and cost of purchased services	(3)	–196,904.0	–196,193.3
Personnel expenses	(4)	–177,814.5	–164,963.4
Other operating expenses	(6)	–120,224.1	–110,586.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		49,018.8	45,715.8
Depreciation and amortisation	(5)	–29,670.5	–19,929.0
Earnings before interest and taxes (EBIT)		19,348.3	25,786.8
Income/expense from associates	(7)	59.4	–299.5
Financial income	(7)	1,570.1	915.1
Financial expenses	(7)	–4,356.6	–7,268.4
Earnings before taxes		16,621.2	19,134.0
Taxes on income	(8), (18)	–7,706.0	–8,619.5
Earnings for the period		8,915.3	10,514.5
Thereof:			
Shareholders of the parent company		10,516.1	10,152.2
Non-controlling interests	(19)	–1,600.8	362.3
Earnings per share (in €): basic = diluted	(28)	0.63	0.61
Weighted number of outstanding ordinary shares		16,760,082	16,760,082

II. Consolidated statement of comprehensive income for financial year 2015

	Note	2015 T€	2014 T€
Profit/loss for the period		8,915.3	10,514.5
Other comprehensive income			
Items of other comprehensive income that are not subsequently reclassified to profit or loss for the period:			
Remeasurement of the net defined benefit liability in accordance with IAS 19	(20)	–2,270.8	–9,088.2
Associated taxes	(8)	443.2	2,326.1
		–1,827.6	–6,762.1
Items of other comprehensive income that are subsequently reclassified to profit or loss for the period as long as certain conditions are met:			
Measurement of „available-for-sale“ financial assets, pursuant to IAS 39	(11), (26)	211.7	–70.3
Associated taxes	(8)	–52.9	17.6
Foreign currency translation		–1,017.8	–438.3
		–859.0	–491.0
Total of other comprehensive income		–2,686.6	–7,253.1
Total comprehensive income		6,228.7	3,261.4
Thereof:			
Shareholders of the parent company		7,842.2	2,899.6
Non-controlling interests	(19)	–1,613.6	361.8

III. Consolidated balance sheet as at December 31, 2015

ASSETS	Note	As at 31/12/2015 T€	As at 31/12/2014 T€
Goodwill	(9)	18,676.7	24,787.8
Other intangible assets	(9)	9,076.2	10,573.0
Property, plant and equipment	(9)	136,418.3	133,521.2
Investment property	(10)	787.8	922.7
Financial investments	(11)	3,626.9	3,630.4
Investments in associates	(12)	268.3	43.6
Other receivables from third parties	(14)	1,665.6	507.7
Deferred tax assets	(18)	11,652.7	8,838.1
Non-current assets		182,172.5	182,824.5
Inventories	(13)	78,773.9	72,261.0
Trade receivables	(14)	78,453.4	63,198.3
Receivables from construction contracts	(14), (15)	10,470.4	8,831.0
Income tax assets	(14)	967.8	3,061.6
Other receivables from third parties	(14)	9,102.9	7,713.6
Cash and cash equivalents	(16)	91,531.0	70,090.8
Assets held for sale	(17)	1,939.0	0.0
Current assets		271,238.3	225,156.3
TOTAL ASSETS		453,410.8	407,980.8

Consolidated balance sheet as at December 31, 2015

EQUITY and LIABILITIES	Note	As at 31/12/2015 T€	As at 31/12/2014 T€
Share capital		17,833.5	17,833.5
Capital reserves		17,095.8	17,095.8
Retained earnings			
Accumulated earnings		157,100.2	153,095.3
Foreign currency translation		674.4	1,679.4
Available-for-sale financial assets		158.8	0.0
Treasury shares		–19,399.3	–19,399.3
Total equity of shareholders of the parent company		173,463.3	170,304.6
Non-controlling interests	(19)	9,801.8	565.9
Equity	(19)	183,265.1	170,870.6
Provisions for social capital	(20)	45,042.8	42,671.2
Deferred tax liabilities	(18)	331.7	420.4
Other provisions	(21)	1,524.3	1,446.1
Interest-bearing financial liabilities	(22), (26)	83,903.9	76,537.6
Other liabilities	(22)	499.7	691.6
Non-current liabilities		131,302.4	121,766.8
Current income tax liabilities		3,081.9	2,282.6
Other provisions	(21)	22,356.2	18,688.7
Interest-bearing financial liabilities	(22), (26)	16,941.3	8,483.0
Trade liabilities	(22)	38,439.3	38,885.4
Liabilities for construction contracts	(15)	6,071.8	3,971.8
Other liabilities	(22)	51,952.9	43,032.0
Current liabilities		138,843.4	115,343.4
TOTAL EQUITY and LIABILITIES		453,410.8	407,980.8

IV. Consolidated statement of cash flows for financial year 2015

		Note	2015 T€	2014 T€
+	Earnings before taxes		16,621.2	19,134.0
–/+	Other interest and similar income / Other interest and similar expense		1,331.4	999.5
–	Income from dividends and securities		–887.3	–686.9
–/+	Earnings (-profit / +loss) from associates		–59.4	299.5
+	Interest received		296.9	228.2
–	Interest paid		–1,609.4	–1,084.1
+	Dividends received		887.3	686.9
+	Dividends received from associates		49.0	24.5
–/+	Gain / losses from sale of property, plant and equipment and financial investments		21.8	–1,598.4
+	Depreciation and amortisation of property, plant and equipment and investment property		16,477.4	12,245.3
+	Depreciation and impairment of intangible assets		13,193.1	7,683.7
+	Impairment losses on financial investments		0.9	181.2
–/+	Increase / decrease of inventories		2,417.3	–3,702.3
–/+	Increase / decrease of receivables		–7,088.8	5,055.3
+/–	Increase / decrease of trade and other liabilities		7,509.7	–580.4
+/–	Increase / decrease of provisions		3,182.9	9,337.4
–	Income tax paid		–6,459.7	–8,737.1
	CASH FLOW from operating activities	(24)	45,884.4	39,486.2
–	Payments for property, plant and equipment and intangible assets		–14,382.1	–25,399.5
–	Payments for financial investments		0.0	–1,077.5
+	Proceeds from disposal of property, plant and equipment, intangible assets and assets held for sale		145.1	5,251.7
–/+	Payments for / proceeds from disposal of subsidiaries and disposed business segments less disposed cash and cash equivalents		–1,273.3	3,470.8
–/+	Payments for / proceeds from acquisition of subsidiaries less acquired cash and cash equivalents		–18,271.3	191.5
	CASH FLOW from investing activities	(25)	–33,781.5	–17,562.9
–	Dividends paid		–4,692.8	–4,692.8
–	Distributions to non-controlling interests		–346.9	–343.2
+	Proceeds for transactions with non-controlling shareholders		820.0	0.0
–	Payments for the acquisition of non-controlling interests		0.0	–750.1
–	Decrease in notes payable		–55.6	–2,295.8
+	Increase in financial liabilities		20,312.7	50,256.3
–	Redemption of financial liabilities		–6,402.0	–7,640.7
	CASH FLOW from financing activities	(26)	9,635.4	34,533.7
+/–	Cash flow from operating activities		45,884.4	39,486.2
+/–	Cash flow from investing activities		–33,781.5	–17,562.9
+/–	Cash flow from financing activities		9,635.4	34,533.7
	Change in cash and cash equivalents		21,738.2	56,457.0
+	Opening balance of cash and cash equivalents		70,090.8	14,467.5
+/–	Effects of changes in foreign exchange rates		–298.1	–833.7
	Closing balance of cash and cash equivalents		91,531.0	70,090.8
	Composition of cash and cash equivalents	(16)		
	Cash-in-hand		99.2	127.5
	Bank balances, cheques		91,431.8	69,963.3
			91,531.0	70,090.8

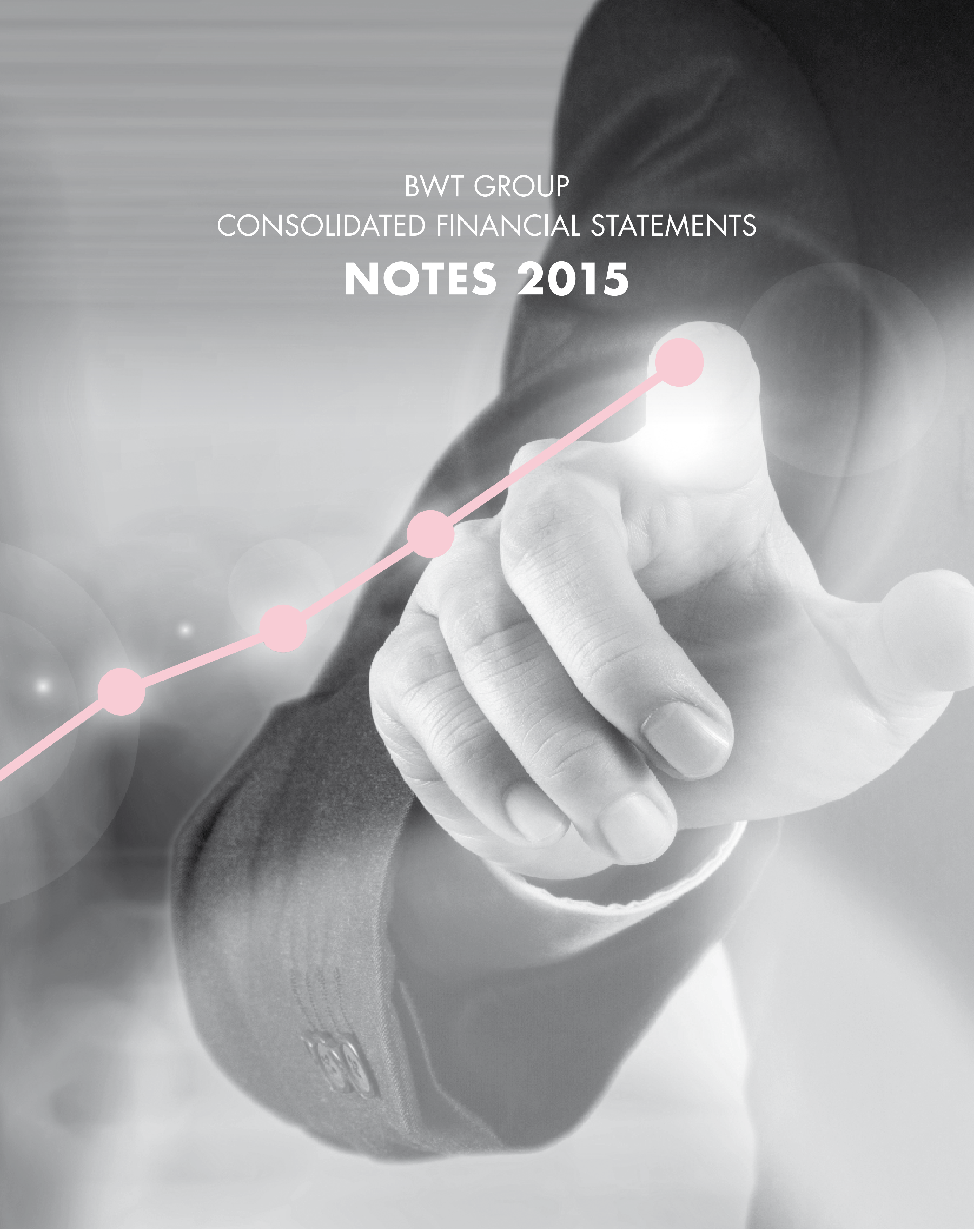
V. Consolidated changes in equity

	Share capital	Capital reserves	Retained earnings: Accumulated earnings	Retained earnings: Foreign currency translation	Retained earnings: Assets available for sale	Treasury shares	Total	Non-controlling interests	Total
	T€	T€	T€	T€	T€	T€	T€	T€	T€
As at 1/1/2014	17,833.5	17,095.8	154,444.3	2,117.2	52.7	–19,399.3	172,144.1	458.4	172,602.5
Profit/loss for the period	0.0	0.0	10,152.2	0.0	0.0	0.0	10,152.2	362.3	10,514.5
Other comprehensive income	0.0	0.0	–6,762.1	–437.7	–52.7	0.0	–7,252.6	–0.5	–7,253.1
Total comprehensive income	0.0	0.0	3,390.1	–437.7	–52.7	0.0	2,899.6	361.8	3,261.4
Distributions	0.0	0.0	–4,692.8	0.0	0.0	0.0	–4,692.8	–343.2	–5,036.0
Acquisition of non-controlling interests without change of control	0.0	0.0	–442.7	0.0	0.0	0.0	–442.7	–307.5	–750.1
Other changes	0.0	0.0	396.4	0.0	0.0	0.0	396.4	396.4	792.9
As at 31/12/2014	17,833.5	17,095.8	153,095.3	1,679.4	0.0	–19,399.3	170,304.6	565.9	170,870.6
Profit/loss for the period	0.0	0.0	10,516.1	0.0	0.0	0.0	10,516.1	–1,600.8	8,915.3
Other comprehensive income	0.0	0.0	–1,827.6	–1,005.0	158.8	0.0	–2,673.9	–12.7	–2,686.6
Total comprehensive income	0.0	0.0	8,688.5	–1,005.0	158.8	0.0	7,842.2	–1,613.6	6,228.7
Dividends	0.0	0.0	–4,692.8	0.0	0.0	0.0	–4,692.8	–346.9	–5,039.7
Sale of investments in subsidiaries without loss of control	0.0	0.0	9.3	0.0	0.0	0.0	9.3	320.7	330.0
Capital increase through non-controlling shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	490.0	490.0
Acquisition of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10,385.5	10,385.5
As at 31/12/2015	17,833.5	17,095.8	157,100.2	674.4	158.8	–19,399.3	173,463.3	9,801.8	183,265.1

BWT GROUP

CONSOLIDATED FINANCIAL STATEMENTS

NOTES 2015



VI. Notes 2015

General information

The consolidated financial statements of BWT Aktiengesellschaft (BWT AG) with its registered office in Austria at 5310 Mondsee, Walter-Simmer-Strasse 4 were drawn up in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the EU, with the Management Board being responsible for their preparation. The additional requirements of Section 245a of the Austrian Commercial Code (UGB) were observed.

BWT – Best Water Technology – Group was established in 1990 as the result of a management buyout and is now Europe's leading water technology supplier in the "residential" sector. The goal of BWT employees is to provide its customers from private households, businesses and local authorities with innovative technologies, ensuring the highest levels of safety, hygiene and health in their daily contact with water – the elixir of life.

The BWT Group is represented around the world by 53 consolidated subsidiaries (previous year: 43) and employed 3,276 employees as at 31 December 2015 (previous year: 2,587) based on full-time equivalents.

The accounting policies applied in the case of companies included in the consolidated financial statements follow the uniform financial accounting regulations of the BWT Group, which are based on IFRS as applicable in the EU.

The balance sheet date of the consolidated financial statements is the reporting date of the parent company, in accordance with IFRS 10. The annual financial statements of companies included as a result of full consolidation were prepared as at the date of the consolidated financial statements.

In accordance with IAS 1, the consolidated balance sheet is broken down by maturities. Assets are classified as cur-rent if they are expected to be realised or paid within twelve months of the balance sheet date. Liabilities are classi-fied as current if they are expected to be paid within the Group's normal operating cycle or within twelve months of the balance sheet date and the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All reporting for financial years 2015 and 2014 was prepared in T€ (€,000) (rounded in accordance with the commercial rounding method). Calculation differences related to rounding may occur for totals of the rounded amounts and percentages due to the application of automatic calculation aids.

The consolidated financial statements are essentially prepared according to the cost method. This does not apply to derivative financial instruments (held for trading purposes) or to the disposal of available-for-sale financial assets, which are recognised at fair value.

Application of new and revised standards and interpretations

As at 1 January 2015, the Group applied the new and revised IFRS standards and interpretations listed below:

- IFRIC Interpretation 21: Levies, adopted on 13 June 2014, to be applied for financial years from 1 July 2014 onwards.
- Annual "Improvements to IFRSs" 2011–2013, adopted on 18 December 2014, to be applied for financial years from 1 January 2015 onwards.

New and revised IFRS standards and interpretations will be applied starting from the consolidated financial statements that are provided for in the implementing regulation.

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by the government as a result of statutory requirements. The Annual "Improvements to IFRSs" 2011–2013 provide clarifications with respect to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The newly applied standards and interpretations have no effect on the net assets, financial position and results of operations of the Group's consolidated financial statements as at 31 December 2015.

Published standards and interpretations which have not yet been applied

At the time of the release of these financial statements for publication, in addition to the standards and interpretations applied by the Group, the following provisions had already been published and adopted by the EU, the application of which was, however, not yet mandatory:

- Annual "Improvements to IFRSs" 2010–2012, to be applied for financial years from 1 February 2015 onwards.
- Amendments to IAS 19: Employee Benefits, Employee Contributions, to be applied for financial years from 1 February 2015 onwards.
- Amendments to IAS 16 and IAS 41: Bearer Plants, to be applied for financial years from 1 January 2016 onwards.
- Amendments to IFRS 11: Acquisitions of Interests in Joint Operations, to be applied for financial years from 1 January 2016 onwards.
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation, to be applied for financial years from 1 January 2016 onwards.
- Annual "Improvements to IFRSs" 2012–2014, to be applied for financial years from 1 January 2016 onwards.
- Amendments to IAS 1: Disclosure Initiative, to be applied for financial years from 1 January 2016 onwards.
- Amendments to IAS 27: Equity Method in Separate Financial Statements, to be applied for financial years from 1 January 2016 onwards.

The Management Board assumes that the aforementioned International Financial Reporting Standards (IFRS) will be applied starting from the consolidated financial statements that are provided for in the implementing regulation, and that the application of these standards will not have any material impact on equity and income as recognised in the consolidated financial statements in the year of their first-time application.

The following provisions were already published by the IASB, but still had not been adopted by the EU at the time these financial statements were released.

- IFRS 9: Financial Instruments, published by the IASB on 24 July 2014, IASB mandatory application starting from 1 January 2018.
- IFRS 14: Regulatory Deferral Accounts, published by the IASB on 30 January 2014, IASB mandatory application starting from 1 January 2016.
- IFRS 15: Revenue from Contracts with Customers, published by the IASB on 28 May 2014, IASB mandatory application starting from 1 January 2018.
- Amendments to IFRS 10 and IAS 28: Investment Entity Amendments, published by the IASB on 11 September 2014, IASB mandatory application starting from 1 January 2016.
- Amendments to IFRS 10, IFRS 12 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, published by the IASB on 18 December 2014, IASB mandatory application postponed indefinitely.
- IFRS 16: Leases, published by the IASB on 13 January 2016, IASB mandatory application starting from 1 January 2019.
- Amendments to IAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses , published by the IASB on 19 January 2016, IASB mandatory application starting from 1 January 2017.
- Amendments to IAS 7: Disclosure Initiative, published by the IASB on 29 January 2016, IASB mandatory application starting from 1 January 2017.

IFRS 9 prescribes amendments regarding the categorisation and measurement of financial instruments, the impairment of financial assets and regulations for hedge accounting. An initial analysis has shown that there could be some minor changes in the number of fund units currently held within the BWT Group. However, these changes are not likely to materially change the overall picture of the consolidated financial statements. Adoption is scheduled for the second half of 2016.

IFRS 15 concerns all revenue from contracts with customers and provides a standardised five-step model for the recognition of such revenue in the IFRS financial statements. According to this model, income is recognised as the amount expected from the supplier company in return for the transfer of goods and services to customers. By standardising the standards and interpretations previously applied for revenue recognition, IFRS 15 provides a new approach to measuring and disclosing revenue. Adoption by the EU is scheduled for the second quarter of 2016. An initial analysis has shown that no material changes in accounting are to be expected for the major classes of contracts, but that a few peripheral areas of revenue from contracts with customers (for example, individual service contracts) could be affected. This could result in future changes to the disclosure of revenue or to the date at which revenue is recognised.

With respect to first-time application, IFRS 15 provides for the option of either full or modified, retrospective first-time application. The decision regarding the form and date of first-time application will be made within the BWT Group once the standard has been adopted by the EU.

IFRS 16 Leases, which was newly issued in January 2016, replaces the current leasing standard (IAS 17) and prescribes a new procedure for lease accounting. The former procedure of classifying leases as operating leases and finance leases is no longer applicable. In the future, the majority of leases will have to be presented in the statement of financial position by the lessee. An analysis to assess the effects thereof will be undertaken soon; preliminary estimates suggest that the new standard will result in changes to the net assets of the BWT Group.

All other standards and interpretations already published by the IASB will have no material impact on the BWT Group's net assets, financial position and results of operations when they are adopted by the EU.

The Management Board assumes that all of the aforementioned standards will be applied starting from the consolidated financial statements that are provided for by the EU in the implementing regulation.

Scope of consolidation

An overview of the material fully consolidated companies and equity method associates is enclosed in Appendix V.1.; the protective provision pursuant to Section 265 UGB is exercised.

As a result of full consolidation, the consolidated financial statements as at 31 December 2015 include the separate financial statements of 50 (previous year: 41) subsidiaries, in addition to BWT AG itself. As at the balance sheet date, 2 (previous year: 1) companies were consolidated according to the equity method.

There are also 100% interests in Waterside Limited, UK, Aqua Dial Limited, UK, Liff Holdings Limited, UK, Bayhall (UK) Limited, UK, and BWT UK Pension Trustees Limited, UK. Despite having an indirect ownership interest of just 32.5%, the BWT Group exercises control over OOO Plastek, Russia, owing to the direct and indirect acquisition of a 63.7% stake in ZAO METTEM Technologies, Russia. The companies listed above are carried at amortised cost since they have little significance for the BWT Group and have an immaterial impact on the BWT Group's net assets, financial position and results of operations.

BWT AG has control over OOO Meory, Russia, based on special circumstances pursuant to IFRS 10. This is because BWT AG exercises control of the financing in determining and steering relevant activities at the company. De-facto control is exercised over HOH Seychelles Desalination Company Limited, Victoria (ownership interest 50%) pursuant to IFRS 10 since a related company of the BWT Group holds another 25% interest.

The scope of consolidation of companies fully consolidated according to the equity method developed as follows in the financial year:

	2015
As at 1 January	43
Incorporated for the first time in the financial year	12
Merged in the financial year	–2
As at 31 December	53

On 19 October 2015, the BWT Group closed the acquisition of the majority interest in the Russian group METTEM Technologies (hereinafter BWT BARRIER Group) with the purchase of a 51% stake in BWT BARRIER Holding GmbH, Mondsee. This company acquisition in accordance with IFRS 3 meant that, in the fourth quarter, for the first time there were eight companies in Austria, Germany, Russia and Ukraine incorporated in the Group as a result of full consolidation. Two of these companies were already included in the consolidated financial statements of the BWT Group according to the equity method from the second quarter.

In addition, over the course of the financial year a subsidiary company was established in each of the countries Austria, Germany and Italy.

The Maltese subsidiary BWT International Trading Ltd. was merged with BWT Malta Holding Ltd. in the financial year. In Spain, Cilit S.A. and BWT Water and More Iberica S.L. were merged to form Best Water Technology Ibérica S.A.

In the first half of the year, BWT AG gained significant influence over INET InterEko Technik spol. s.r.o., Czech Republic, due to a change in the management and to the shareholder structure. The company was therefore included in the consolidated financial statements according to the equity method in the financial year. It was measured at amortised cost in the previous year.

Shares held in those companies that have been included as a result of full consolidation but which do not confer a controlling influence on equity are presented as a separate item. Shares in earnings attributable to other shareholders included in net income for the entire period are presented separately in the consolidated income statement and in the consolidated statement of comprehensive income.

Company disposals in 2015

As at 19 October 2015, BWT AG gained control over the Russian group METTEM Technologies ("BWT BARRIER Group") with the acquisition of a 51% stake in BWT BARRIER Holding GmbH, Mondsee. By acquiring the Austrian holding company, BWT AG gained control over BWT BARRIER Europe GmbH (63.7%), Mondsee, Barrier Water Filters GmbH (51%), Germany, TOO Barrier-Ukraine (63.7%), Ukraine, ZAO METTEM Technologies (63.7%), Russia, OOO Aquasystems (63.7%), Russia, OOO Meory (19.9%), Russia, OOO Dacron (88.0%), Russia, and OOO Plastek (32.5%), Russia. BWT AG has control over OOO Meory based on special circumstances pursuant to IFRS 10. This is because BWT AG exercises control of the financing in determining and steering relevant activities at the company. OOO Plastek is carried at amortised cost since it has little significance for the BWT Group and has an immaterial impact on the BWT Group's net assets, financial position and results of operations.

Acquiring the BWT BARRIER Group will strengthen the Point of Use Consumer business of the BWT Group. The company also anticipates that synergy effects will support the development of the "BWT – For You and Planet Blue" brand, especially in the Point of Use Consumer business. At the same time, the acquisition is also helping BWT to expand its presence in the Point of Use Consumer business in Eastern European countries and Asia.

The date of acquisition was determined as 31 October 2015 since any deviations from 19 October 2015 are estimated as immaterial. Within the scope of first-time consolidation, the Group has decided to carry non-controlling interests at fair value.

At the time of acquisition, the fair value of ascertainable assets and liabilities was as follows:

Assets	Fair value at the time of acquisition (BWT BARRIER Group) T€
Property, plant and equipment	7,985.0
Other receivables from third parties	659.0
Deferred tax assets	1,105.6
Non-current assets	9,749.5
Inventories	8,930.3
Trade receivables	11,222.5
Income tax assets	93.1
Other receivables from third parties	457.0
Cash and cash equivalents	2,125.7
Current assets	22,828.6
TOTAL	32,578.1

Liabilities	Fair value at the time of acquisition (BWT BARRIER Group) T€
Deferred tax liabilities	79.1
Interest-bearing financial liabilities	112.8
Non-current liabilities	191.9
Current income tax liabilities	253.5
Other provisions	1,038.8
Interest-bearing financial liabilities	432.4
Trade liabilities	1,247.1
Other liabilities	1,857.2
Current liabilities	4,829.0
TOTAL	5,020.9
Total identifiable net assets at fair value	27,557.2

The fair value of trade receivables and other receivables amounts to T€12,338.5. The gross amount of trade receivables and other receivables amounts to T€16,195.1. The valuation allowance for provisionally uncollectable trade receivables and other receivables amounts to T€3,856.6. No warranties and guarantees that have to be recognised pursuant to IFRS 3 were assumed within the scope of the acquisition.

Before the acquisition date, the BWT Group granted financing loans to BWT BARRIER Holding GmbH, Mondsee, and OOO Meory, Russia. The loans were measured at fair value on the date of acquisition of the BWT BARRIER Group and represent an outflow of cash from the acquisition.

The amount presented in cash flow from investing activities under the item "Payments for acquisition of subsidiaries less acquired cash and cash equivalents" mainly comprises the direct payment of the purchasing price, the already held shares in ZAO METTEM Technologies, Russia, and OOO Dacron, Russia, loans issued by the BWT Group, as well as acquired cash and cash equivalents. Operating cash flow also includes transaction costs of T€404.0. These are recognised in the consolidated income statement under "Other operating expenses".

Non-controlling interests were recognised on the acquisition date and measured by reference to their fair value. The fair value represents the minority interest of each company in the identified assets at fair value, and at the time of first-time consolidation amounts to T€10,085.5.

Goodwill arising from the acquisition includes the value of expected synergies as well as the revenue growth, future market developments and existing workforce of the BWT BARRIER Group. The goodwill arising from the company acquisition amounts to T€2,987.3. It was subjected to an impairment test in accordance with IAS 36 and written down in full as at 31 December 2015 due to a changed situation on the market and new estimates of financial performance (see Note 5 and Note 9). Impairment losses for goodwill are not deductible for tax purposes.

In the two months leading up to 31 December 2015, the BWT BARRIER Group contributed revenues of T€7,352.8 and earnings for the period of T€-3,865.4, which includes impairment losses for goodwill of T€-2,987.3. Of this amount, T€-1,623.3 is allocated to non-controlling shareholders.

Had the acquisition taken place on 1 January 2015, the revenues of the BWT BARRIER Group would have come to approximately €40 million (translated using the Group's average rate). It was assumed when calculating these amounts that the provisionally measured adjustments to fair value, which were made at the time of acquisition, would also have been valid had the acquisition taken place on 1 January 2015.

Application of the BWT Group's accounting and valuation principles to determine the profit of the BWT BARRIER Group since the start of the reporting period was not carried out retrospectively as at 1 January 2015. This is because data was not collected before the date of acquisition in a way that would have allowed retrospective application of the IFRS accounting policies. Data not collected included information on the accrual basis of income and expenses, information on employee benefit liabilities and information for necessary estimates.

Company disposals/additions in 2014

In the first quarter of 2014, a company not directly connected to the core business of the BWT Group was sold and deconsolidated. The strategic reorganisation of the pool business was already started last year, with the BWT Group largely withdrawing from the municipal business in Germany. The municipal plant engineering business in Austria was then sold in the first quarter of 2014 as part of an asset deal. In the fourth quarter of 2014, a water dispenser company was acquired by the British subsidiary as part of an asset deal. The purchase price for all transactions was paid in cash and losses from company disposals were recognised under "Financial expenses".

A company not directly connected to the core business of the BWT Group was deconsolidated in the first quarter of 2014. At that time, the company's assets were reported as having a carrying amount of T€7,449.4. This included non-current assets of T€2,502.9 and current assets of T€4,900.8. A further T€45.7 in cash and cash equivalents was disposed. Liabilities were reported at a carrying amount of T€6,502.6, comprising T€277.7 in non-current liabilities and T€6,224.9 in current liabilities. The purchase price was T€520.0. The loss from the disposal recognised in the consolidated financial statements of the BWT Group (including the measurement of obligations of T€14.0 assumed) came to T€440.8.

The municipal plant engineering business of BWT Pool & Water Technology GmbH was sold as part of an asset deal with effect from 1 March 2014. The carrying amount of assets disposed was T€478.6. This included non-current assets of T€23.6 and current assets of T€455.0. No cash and cash equivalents were disposed. The liabilities disposed amounting to T€923.4 mainly comprise non-current liabilities of T€640.7, with the remaining T€282.7 made up of current liabilities. As at 31 December 2014, the cash outflow from this business amounted to T€593.3. The loss resulting from the disposal of the municipal plant engineering business segment recognised in the consolidated financial statements amounts to T€241.5.

At the start of December, a water dispenser company was acquired by BWT UK Limited as part of an asset deal. At the time of the acquisition, the fair value of the ascertainable assets came to T€559.7, of which T€406.1 related to intangible assets and T€75.2 to property, plant and equipment. The fair value of trade receivables amounted to T€78.4. The fair value of the liabilities was T€77.3. The identifiable net assets at fair value that resulted amounted to T€482.4. T€224.7 of the total purchase price of T€482.4 was paid in 2014 and the remaining cash flow is expected in 2015.

Consolidation method

Business combinations

Business combinations are accounted for using the purchase method. The acquisition costs of a company acquisition are based on the total of the transferred consideration, measured at fair value at the time of acquisition, and in terms of the non-controlling interest in the acquired company. The acquisition date is the date on which control of the Group is transferred. The Group controls a company if it is subject to variable returns from its involvement in the company or if it possesses rights to such and has the ability to influence these returns by virtue of the control it retains over the company. For each business combination, the purchaser measures the non-controlling interest in the acquired company either at fair value or in terms of the corresponding acquirer's interest in the identifiable net assets of the acquired company. Costs incurred in connection with a business combination are expensed.

Initially, goodwill is measured at cost, being the excess of the transferred consideration and non-controlling interests over the identifiable assets acquired and the liabilities assumed of the group. The option of either the full goodwill method or the partial goodwill method is newly exercised for each business combination. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of the impairment test, the goodwill acquired in connection with a business combination is allocated either to a cash-generating unit (CGU) or to a group of CGUs of the Group which are expected to profit from the business combination, starting from the time of acquisition. This applies regardless of whether other assets or liabilities of the acquired company are assigned to these CGUs.

Subsidiaries

Subsidiaries are companies controlled by the Group. The Group controls a company if it is subject to variable returns from its involvement in the company or if it possesses rights to such and has the ability to influence these returns by virtue of the control it retains over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is gained until the date on which control ceases. When the Group loses control, it derecognises the assets and liabilities of the subsidiary, non-controlling interests and other components of owner's equity in the subsidiary. Any surplus or loss resulting from the loss of control is recognised in profit or loss.

Investments in associates (investments accounted for using the equity method)

Associates are entities for which the Group can exercise a significant influence over their financial and operating policies without controlling them. Investments in associates are accounted for using the equity method and usually recognised at cost. If inclusion under the equity method is due to the loss of control in a previous subsidiary, the residual interest at the time of transitional consolidation is measured at fair value. Subsequently, the retained interest is accounted for in the consolidated financial statements using the equity method (see Note 12).

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income in the entity, which is accounted for using the equity method from the date on which the significant influence is gained until the date on which the significant influence ceases.

Transactions eliminated during consolidation

Intra-Group receivables and liabilities, expenses and income, as well as interim results, are fully eliminated in the consolidated financial statements.

Foreign currency translation within the Group

Foreign currency translation in respect of foreign financial statements is performed in accordance with the functional currency concept. For all other companies with the exception of one, this is the respective domestic currency for companies conducting their operations independently in financial, economic and organisational terms.

Apart from equity items, all balance sheet items are translated to the reporting currency using the middle spot exchange rate as at 31 December 2015. Items in the consolidated income statement related to foreign consolidated companies are translated using average exchange rates for the period, with the exception of depreciation/amortisation and impairments. Intra-Group dividends are recognised at the payment rate. Differences from currency translation are recognised in other comprehensive income. If the foreign operation is not a subsidiary fully owned by the parent company, the corresponding share of the exchange difference is assigned to the non-controlling interest. In the case of the withdrawal of a foreign business from the scope of consolidation, such currency differences are recognised in profit or loss.

The exchange rates of material currencies, adopted for currency translations, developed as follows:

	Period-end exchange rate		Average rate for the year	
	31/12/2015	31/12/2014	2015	2014
Swiss franc	1.08	1.20	1.06	1.21
Polish zloty	4.26	4.27	4.18	4.19
Hungarian forint	315.98	315.54	309.59	309.98
Czech krone	27.02	27.74	27.27	27.55
Swedish krone	9.19	9.39	9.34	9.12
Danish krone	7.46	7.45	7.46	7.45
Norwegian krone	9.60	9.04	8.99	8.40
Chinese renminbi	7.06	7.54	6.95	8.15
Pound sterling	0.73	0.78	0.72	0.80
Ukrainian hryvnia	26.19	19.35	24.37	16.13
Russian ruble	80.67	72.34	68.77	51.93
Seychellois rupee	14.38	16.09	14.67	16.82

ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognised at cost, less cumulative depreciation and impairment. Production costs include both direct costs and reasonable portions of material and production overheads. General administrative expenses are not capitalised. Assets are depreciated/amortised starting from the time they are ready to use. Depreciation/amortisation is carried out according to the straight-line method over the anticipated useful life of a given asset. When establishing the anticipated useful life of property, plant and equipment, the expected economic useful life is taken into consideration.

In order to determine possible declines in the value of property, plant and equipment and of intangible assets, an impairment test is carried out if appropriate indications exist. Goodwill and intangible assets under development are essentially tested for impairment once a year. The higher of the two values (recoverable amount) of net selling price (if available) and value in use, which is calculated as the cash equivalent of future cash inflows and outflows, is compared with the existing carrying amount written down thus far. If it is not possible to carry out an estimation on the basis of a separate valuation, it is carried out on the basis of the superior cash-generating unit (CGU). Cash-generating units (CGU) are defined on the basis of the smallest identifiable group of assets which generate cash inflows, and which are largely independent of the cash inflows of other assets or other groups of assets. CGUs are essentially legal entities. If the carrying amount is higher, it is written down to the recoverable amount. The impairment is recognised under "Depreciation, amortisation and impairment" in the year in which the event occurs. If the reasons giving rise to impairment no longer exist, the impairment loss is reversed (excluding goodwill), up to no more than the level of regular amortised cost. It is recognised under "Other operating income". No impairment losses were recognised in the BWT Group's consolidated financial statements – as in the previous year. Maintenance measures are expensed. In order to determine the useful life, the expected future cash flows are discounted to their cash value on the basis of a discount rate after taxes, which reflects current market expectations regarding the interest effect and the specific risks of the asset.

A positive difference in value resulting from a business combination is recognised as goodwill. Goodwill is tested for impairment on each balance sheet date from the point of view of its economic benefit. Decreases in the future benefit are expensed as value impairment.

In the case of self-developed intangible assets, the production period is broken down into a research and a development phase. Costs incurred during the research phase are immediately recognised in profit or loss. Expenses in the development phase are capitalised as intangible assets (in accordance with IAS 38), provided that they meet certain assumptions confirming the future usefulness of the planned expenditure, primarily the technical feasibility of the developed product or process. Measurement of self-developed intangible assets is carried out at production cost, less depreciation and impairment. Amortisation of intangible assets and depreciation of property, plant and equipment is carried out using the straight-line method over the expected economic useful life of a given item. For the calculation of depreciation rates, the useful life periods adopted were unchanged.

Useful life in years	from	to
Intangible assets		
Other intangible assets	3	15
Development costs	5	10
Property, plant and equipment		
Buildings including investments in third-party buildings	10	50
Technical equipment and machinery	3	15
Factory and office equipment	3	12

Leased and rented assets

Leasing and rental contracts, in which all risks and rewards arising from the use of assets are transferred to the Group, are treated as finance leases. Assets underlying respective leasing or rental contracts are capitalised at the current value of the capitalised leasing or rental instalments at the time of acquisition or at their lower fair value, and depreciated over their useful life. The capitalised assets are offset by the present value of the liability arising from the outstanding leasing or rental instalments as at the balance sheet date.

Assets made available under any other leasing or rental contracts are treated as operating leases. Rental payments are expensed.

Investment property

Investment properties (see Note 10) are held to earn rentals or for capital appreciation and are not intended for use in the production of suppliers, the provision of services or for administrative purposes.

Investment properties are measured using the cost method, less any cumulative depreciation and impairment. Depreciation is written off on a straight-line basis based on a useful life of 20 – 50 years. The fair value of investment properties is determined using internal calculations.

Financial investments

Financial investments (see Note 11) are not held for trading purposes. Securities and investments reported under “Financial investments” are recognised as available for sale. Financial assets are recognised as available for sale if they do not fulfil the prerequisites for loans and receivables, are not held until maturity and are not recognised in profit or loss at their market value. This category includes, in particular, securities for covering pension provisions and equity interests, which are not traded as securities held for trading purposes.

They are recognised at cost (fair value) at the time of their acquisition and in later periods at their respective current market values. Market values of securities and investments are their stock exchange prices as at the balance sheet date. Value impairments are recognised in the consolidated income statement, and gains in relation to equity in-struments are reported under “Other comprehensive income” where the reasons no longer apply. Investments for which it is not possible to establish a market value are carried at cost less any impairment. Financial assets are rec-ognised or derecognised as at the date on which they are traded. Financial assets are tested for impairment on each balance sheet date. The Group derecognises financial assets only if the contractual rights to cash flows from a finan-cial asset expire, or if it assigns the financial asset and all opportunities and risks fundamentally associated with it to a third party.

Investments in associates

Investments in associates are accounted for using the equity method. The consolidated income statement contains the Group’s share in the results of operations of the associate. If the Group’s share in the losses exceeds the value of its investment in an associate, the carrying amount of this investment, including all long-term interests attributable to it, are reduced to zero. Further losses are no longer recognised, except to the extent that the Group has made an obligation or payments on behalf of the investee.

Inventories

Inventories are recognised at cost or at the lower net selling price. Consumption of primary energy and raw materials and supplies is calculated using the average-cost method. Low turnover frequency of inventories is used as an indicator for calculating a lower net selling price.

Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In particular, these include trade receivables as well as other loans granted and receivables. Trade receivables as well as other current receivables carried as financial instruments are recognised at fair value for the first time. The subsequent measurement is at amortised cost, applying the effective interest rate method.

Tax receivables are presented offset against 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 established on an individual basis are tested for any impairment requirement on a portfolio basis.

Receivables from construction contracts

In accordance with IAS 11, for all material construction contracts for which it is possible to reliably estimate the degree of completion, total costs and total revenues, profit is realised using the percentage-of-completion method. When the percentage-of-completion method is applied, a realisation of profits occurs at a point in time at which no claim to a corresponding payment that can be asserted in law yet exists. The BWT Group determined the percentage of completion in relation to the ratio of the costs incurred until the balance sheet date to the estimated total costs (cost-to-cost method). The costs incurred thus far are taken from parallel calculations agreed with the accounting department and time recording.

Cash and cash equivalents

The balance sheet item “Cash and cash equivalents” comprises cash-in-hand, bank balances, short-term deposits with an original term of less than three months and only a minor risk of fluctuations in value. For the purpose of the consolidated cash flow statement, the aforementioned payment means are included in “Composition of cash and cash equivalents”.

Assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is only deemed to be fulfilled if the sale is highly probable and the non-current asset is available for immediate sale in its current state. Non-current assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. There is no continuation of depreciation.

Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and that the company will comply with the conditions attached to them. Resource-related grants are recognised as income over the period for which the expense also occurred. The BWT Group mainly receives grants for research and employees. These grants are recognised under “Other operating income”. In accordance with IAS 20, grants related to assets are recognised as a reduction in acquisition and production costs and result in a corresponding reduction in depreciation in subsequent periods.

Treasury shares

Treasury shares purchased by the BWT Group are recognised at cost and deducted from equity. The purchase, sale, issue or cancellation of an entity’s own shares is recognised outside profit or loss.

Employee benefits

At the Austrian BWT Group companies and at foreign consolidated companies in Germany and Switzerland, there are direct pension obligations in respect of certain employees on the basis of individual commitments.

Due to legal obligations, employees of the Austrian, French and Italian consolidated companies receive a one-off severance payment in the event of termination of employment or retirement. This depends on the number of years of service and on their relevant salary for severance pay purposes. In Austria, severance only applies to employees excluded from the employee benefit plan system.

The provision for long-service bonuses was established for employees of Austrian and French consolidated companies.

Pension provisions and provisions for similar obligations, as well as for severance payment and long-service bonus obligations, are measured in accordance with IAS 19 in line with the projected unit credit method. Under this method, the expected benefits to be paid by the company are attributed to the number of years of service. Salary increases expected in the future are taken into consideration. The provision amounts are calculated by an actuary for each reporting date in the form of an actuarial certificate.

In accordance with IAS 19, remeasurements of the net defined benefit liability in the case of pension provisions, provisions for similar obligations and severance pay obligations are recognised under “Other comprehensive income” in the consolidated statement of comprehensive income, whereas provisions for long-service bonus obligations are recognised in profit or loss under “Personnel expenses”.

Defined contribution plans exist at various consolidated companies on the basis of legal obligations. These mainly relate to the company employee pension scheme (MVK) in Austria and defined contribution pension plans in the countries of the Scandinavian and British subsidiaries. For defined contribution plans, the contributions are recognised as expenses in the period for which they are paid.

Further information on employee benefits in accordance with IAS 19 can be found in Note 4 and Note 20.

Provisions

Other provisions were created respectively in the amount of the uncertain obligations using the best possible estimate of the expense necessary for fulfilment. Non-current provisions are stated at present value if the interest effect is material.

Liabilities

Financial liabilities are initially measured at fair value. The subsequent measurement is at amortised cost, applying the effective interest rate method.

Derivative financial instruments

Derivative financial instruments are held in order to hedge economic risks. As the criteria for hedge accounting are not fulfilled, these instruments are recognised as held for trading purposes in accordance with IAS 39 and recognised in profit or loss at fair value.

Translation into functional currency

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the middle spot exchange rate on the reporting date, whereas non-monetary items are translated at the currency buy rate. Write-ups and write-downs resulting from foreign currency measurements are recognised in profit or loss.

Revenue recognition

Revenues from trading are earned if all material risks and opportunities arising from the goods or services delivered have passed to the purchaser.

In order for the progress of orders and the performance of the company to be reflected accurately in the appropriate periods, profit from construction contracts is realised using the percentage-of-completion method, in accordance with IAS 11, on the basis of a reliable estimate of the degree of completion, total costs and total revenues.

Dividend income and interest income are recognised when a legal claim to payment arises. Interest income and interest expense are recognised in accordance with the effective interest rate method.

Rental income is recognised on an accrual basis in accordance with the relevant agreement.

Taxes

For individual companies, income tax expenses reported for the financial year comprise the income tax calculated on the basis of their taxable income multiplied by the tax rate to be applied in their respective countries (“actual taxes”) and the changes in deferred tax items. As at 31 December 2015, a taxable group of companies as defined in Article 9 of the Austrian Corporation Tax Act (KStG) exists comprising the Group companies in Austria, through which tax profits and losses of the parent company (BWT AG) can be offset in accordance with statutory provisions. Tax is allocated according to the load method.

The calculation of deferred tax items 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 to be gained from existing loss carryforwards are included in the calculation if there are sufficient taxable differences or expected taxable profits that can be offset against the tax advantage. Differences from non-tax deductible goodwill and from the first-time recognition of an asset or debt are not included in deferred tax items, provided that certain conditions are met.

Deferred tax assets and liabilities for the 2015 financial year are based on the following tax rates:

Country	Tax rate	Country	Tax rate
Austria	25%	Great Britain	20%
Germany	28%	Hungary	10%
France	34%	Ukraine	18%
Italy	28% - 31%	Czech Republic	19%
Spain	30%	Poland	19%
Denmark	22%	China	25%
Sweden	22%	Russia	20%
Norway	25%	Belgium	34%
Switzerland	21%		

The following tax rates were applied in financial year 2014:

Country	Tax rate	Country	Tax rate
Austria	25 %	Great Britain	20%
Germany	28 %	Hungary	10%
France	34 %	Ukraine	18%
Italy	37 %	Czech Republic	19%
Spain	30 %	Poland	19%
Denmark	25 %	China	25%
Sweden	22 %	Russia	20%
Norway	27 %	Belgium	34%
Switzerland	21 %		

Earnings per share

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

Estimates and discretionary assumptions

For the purposes of preparing the consolidated financial statements, some estimates and assumptions have to be made that influence the value of assets and liabilities as recognised in the balance sheet, the statement of other liabilities on the balance sheet date and the reporting of income and expenses for the reporting period. The actual amounts may deviate from these estimates. The basic principle of the "true and fair view" is still fully met when estimates are used.

Estimates and underlying assumptions are examined on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in all related future periods.

In particular, there are sources of estimation uncertainty with respect to determination of useful value in impairment tests (see Note 9) and the deferred tax liabilities (see Note 8 and Note 18), due to deviations from expected income in the future, the discount rate and the growth rate. The recognised estimates are made on a going concern basis, are based on past experience and take into account remaining uncertainty in an appropriate manner. Deferred tax assets are recognised for all unused tax loss carryforwards to the extent that it is probable that taxable income will be available in this regard (see Note 18). For the calculation of deferred tax assets which qualify for capitalisation, the financial planning of each Group company is assessed individually (time frame for tax planning being 3 to 5 years). Management judgement is the key factor for the expected timing and amounts of taxable income and future tax planning strategies.

Development costs are capitalised in keeping with the accounting policies described. The initial capitalisation of costs is based on the assessment of management that technical feasibility and commercial viability are demonstrable (see Note 9).

In inventory measurement, the estimates of management regarding pricing, market trends and marketability are necessary to establish the amount of the values recognised (see Note 13).

In the case of receivables, assumptions regarding the probability of default are necessary (see Note 14). The BWT Group takes into account indications of impairment in relation to trade receivables both at the level of the single asset and at a portfolio level. Impairment that is assessed on a portfolio basis is based on the maturities of the amounts receivable and a country-specific risk, which is determined on the basis of external credit rating agencies.

In the case of POC receivables, the expected total costs per project are estimated in accordance with IAS 11. These estimations are reached by the respective project managers together with management in consideration of the development of costs. A project's percentage of completion is calculated from the estimates and from the POC re-ceivables position or, in the case of part payments, POC liabilities (see Note 15).

The categorisation of assets held for sale (see Note 17) requires an estimate as to whether the requirements for recognition in current assets have been met.

Furthermore, the preparation of the consolidated financial statements requires the determination of future devel-opments in relation to the recognition of provisions. For example, for the measurement of existing social capital obligations, assumptions are used in respect of the discount rate, retirement age, life expectancy and future salary and pension increases (see Note 20). The discount rate estimate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds in accordance with IAS 19. This is determined depending on the maturity date of the obligation (average discount rate in relation to duration) per currency unit (EUR and CHF). Future salary and pension increases are calculated on the basis of historical data, taking into account estimates of future inflation rates and net wage trends. Biometric data follows general patterns; there is no company-specific modification.

The amount set aside for warranty provisions is the present value, based on a best-possible estimate of such costs as derived from past experience (see Note 21).

Furthermore, warranties and guarantees assumed and ongoing legal disputes require judgements and estimates with regard to the impact of the obligations and the probability of them occurring (see Note 7, Note 21 and Note 23).

Moreover, the classification of financial instruments also requires judgement (see Note 26). The BWT Group determines the classification at initial recognition, using comparative financial instruments and medium-term strategic company planning as a guideline.

The Management Board also exercises its judgement with regard to the scope of consolidation. This mainly relates to determining whether the Group has control or not (see also information on the scope of consolidation) and whether it has a significant influence over an interest (see Note 11).

In the scope of the 2015 acquisition of the BWT BARRIER Group, estimates were made in connection with the existence and measurement of the acquired assets at fair value (see also notes on company additions). These estimates also impact the amount of goodwill during first-time consolidation.

The Group has concluded lease agreements for properties, plant and equipment as well as vehicles. On the basis of an analysis of the terms of the lease, it was established that the risks and opportunities associated with ownership were essentially not transferred to the Group. Accordingly, these leases were recognised as operating leases.

Measuring fair value

A number of accounting methods and disclosures of the Group require the measurement of fair value for financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is therefore derived from market information available at the balance sheet date. Due to varying influencing factors, the values presented in these consolidated financial statements may differ from values realised later. All material fair value disclosures (Level 1 to Level 3) are monitored on an ongoing basis by a measurement team that reports directly to the Chief Financial Officer. Input parameters that are not based on observable market data are regularly re-estimated.

Observable parameters are used in the Group, where possible, to measure fair value. The Group uses the following hierarchy to determine and disclose the fair value depending on the measurement method:

Level 1: (unadjusted) prices listed on active markets for similar assets or liabilities.

Level 2: procedures in which all input parameters that substantially affect fair value are either directly or indirectly observable.

Level 3: procedures which use input parameters that substantially affect the ascertained fair value and are not based on observable market data.

Transfers between the levels of the fair value hierarchy are reported at the end of the period in which the change occurred.

Further information on assumptions made in the measurement of fair value can be found in Note 10 (Investment property), Note 11 (Financial investments) and Note 26 (Financial instruments).

Segment reporting

Operating segment reporting is defined in terms of regional responsibilities, with the following divisions being de-termined in accordance with the internal management information system:

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

The companies of the BWT BARRIER Group acquired during the financial year are predominantly assigned to the Switzerland / Others segment.

The elimination column contains the consolidation entries for the individual segments. The internal management information system is based on the same values, which are used to prepare the consolidated financial statements. Other equity interests and net income/expense from associates are not assigned to specific segments as they are overseen at Group level.

Transactions with external customers are correspondingly assigned to the registered office of the selling company. No more than 10% of total revenues are generated with any external customer.

The Austria / Germany segment generated total revenues of €208.1 million in 2015, which equates to a 4.6% rise in revenues. This rise is mainly attributable to growth in Point of Use products of just under 18% and increased revenues from Point of Entry products at BWT Germany and Austria. The "Pearl Water Strategy" with household water softeners is one of the main sources of success. The France / Benelux / UK segment achieved revenue growth of €2.4 million (1.9%), which can primarily be attributed to the Point of Use business (+15.7%) and the Service business (+6.8%). By contrast, the industrial business in France and Belgium saw a considerable drop in revenues. The Scandinavia segment recorded an increase in pharmaceutical plant engineering and in the pool business. Overall, Scandinavia contributed €59.5 million to the Group's consolidated revenues compared with €54.4 million in the previous year. Despite the persistently difficult market conditions in Southern Europe, the Italy / Spain segment posted increased revenues. The Switzerland / Others segment benefited both from the development of exchange rates (especially CHF) and from the acquisition in Russia. These two factors are reflected in the total revenue growth of 12.1%, from €93.5 million to €104.8 million.

Settlements between the individual segments are normally effected in accordance with the arm's length principle. Group products and services are distributed across all segments. BWT offers state-of-the-art water treatment sys-tems and services for drinking water; pharmaceutical and process water; heating water; boiler water; cooling water and water for air-conditioning systems; and swimming pool water. With table water filters (BWT Magnesium Miner-alizer) for preparing tea or coffee; filters for optimising water for coffee machines; water filters for baking, steam ovens and vending machines; under-the-sink particle filters and water dispensers; as well as reverse osmosis and UV devices, BWT offers innovative and compact Point of Use products to private and professional consumers for the highest water quality.

2015	Austria/ Germany	France/ Benelux/UK	Scandinavia	Italy/Spain	Switzerland/ Others	Elimination	Total
	T€	T€	T€	T€	T€	T€	T€
External sales	208,098.7	129,723.5	59,511.5	33,147.6	104,826.1		535,307.3
Internal sales	22,754.3	6,156.2	934.3	102.0	8,815.2	–38,762.0	0.0
Total	230,853.0	135,879.7	60,445.8	33,249.6	113,641.3	–38,762.0	535,307.3
Segment earnings (EBIT)	1,109.9	275.2	9,377.3	1,018.1	7,567.8		19,348.3
Interest income	265.7	2.8	16.9	9.6	40.3		335.3
Interest expense	–1,270.4	–113.2	–19.0	–17.9	–1,041.6		–2,462.0
Income from participations							862.2
Other financial income							–1,521.9
Net income/expense from associates							59.4
Income taxes	–797.2	–1,668.8	–2,146.5	–489.2	–2,604.3		–7,706.0
Earnings for the period							8,915.3
Segment assets	252,679.6	58,926.2	27,288.6	21,454.3	125,308.2	–32,246.0	453,410.8
Segment liabilities	170,605.7	37,854.7	12,667.8	14,293.1	66,970.5	–32,246.0	270,145.8
Investments	9,055.1	2,244.9	658.7	610.6	1,875.0		14,444.4
Depreciation/ Amortisation	–8,855.6	–2,684.2	–655.1	–131.2	–2,982.7		–15,308.9
Impairment losses	–3,140.9	–5,862.1	0.0	0.0	–5,358.7		–14,361.6
of which goodwill	0.0	–4,819.9	0.0	0.0	–4,278.6		–9,098.5
of which intangible assets	0.0	–1,042.2	0.0	0.0	0.0		–1,042.2
of which property, plant and equipment	–3,140.9	0.0	0.0	0.0	–1,080.1		–4,221.0

2014	Austria/ Germany T€	France/ Benelux/UK T€	Scandinavia T€	Italy/Spain T€	Switzerland/ Others T€	Elimination T€	Total T€
External sales	198,859.0	127,323.4	54,394.1	31,266.0	93,475.4	0.0	505,317.9
Internal sales	22,340.3	5,559.6	1,744.4	81.1	9,223.1	–38,948.5	0.0
Total	221,199.3	132,883.1	56,138.4	31,347.1	102,698.5	–38,948.5	505,317.9
Segment earnings (EBIT)	1,254.3	2,677.5	9,552.3	1,259.3	11,043.4		25,786.8
Interest income	195.8	5.0	14.5	21.2	17.6		254.1
Interest expense	–1,653.9	–155.1	–11.8	–45.6	–468.3		–2,334.6
Income from participations							–4,272.7
Net income/expense from associates							–299.5
Income taxes	–1,730.7	–1,357.3	–2,259.0	–876.4	–2,396.1		–8,619.5
Earnings for the period							10,514.5
Segment assets	242,926.5	61,280.2	27,601.4	19,678.3	86,155.4	–29,661.0	407,980.8
Segment liabilities	153,880.6	38,308.0	12,533.4	13,431.2	48,618.0	–29,661.0	237,110.2
Investments	17,453.5	2,843.7	1,269.0	70.6	1,517.4		23,154.2
Depreciation/ Amortisation	–9,421.6	–2,540.7	–584.5	–110.4	–2,772.2		–15,429.4
Impairment losses	–1,938.8	–2,500.0	0.0	0.0	–60.7		–4,499.6
of which goodwill	0.0	–2,500.0	0.0	0.0	–60.7		–2,560.7
of which intangible assets	–1,447.7	0.0	0.0	0.0	0.0		–1,447.7
of which property, plant and equipment	–491.1	0.0	0.0	0.0	0.0		–491.1

Geographical information

The following geographical information shows revenues and non-current assets (goodwill; intangible assets; proper-ty, plant and equipment; and investment property) allocated domestically and internationally. Revenues were allo-cated depending on the geographical location of the customers, and segment assets were broken down according to the geographical location of the assets.

Revenue from sales	2015 T€	2014 T€
Domestic	53,389.3	53,985.6
International:		
Germany	122,816.4	118,417.9
France	91,828.0	91,789.5
Others	267,273.7	241,124.9
	535,307.3	505,318.0

Non-current assets – fixed assets	31/12/2015 T€	31/12/2014 T€
Domestic	64,568.1	70,493.2
International:		
Germany	35,560.1	34,553.6
Switzerland	33,748.4	12,936.7
Others	31,082.4	51,821.1
	164,959.0	169,804.7

NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement is presented in accordance with the nature of expense method.

NOTE 1: Revenues

The BWT Group's consolidated revenues increased year on year by €30.0 million to €535.3 million. This equates to an increase of of 5.9%. Adjusted for changes to the Group structure, revenue growth was 4.8%.

The product segment that contributed the most to revenues, 63.8% (previous year: 66.8%), was once again the Point of Entry business. It generated €341.4 million in revenues (previous year: €337.5 million). The Point of Use segment posted strong growth rates in 2015, with revenues increasing by 28.6% to €74.0 million (previous year: €57.6 million), and accounted for 13.8% of the Group's total revenues (previous year: 11.4%). The revenues of the Service and Spare Parts business improved by 8.8% in 2015, moving from €110.2 million to €119.9 million, thus contributing 22.4% to the Group's total revenues (previous year: 21.8%).

NOTE 2: Other operating income and own work capitalised

Other operating income is as follows:

	2015 T€	2014 T€
Income from disposal of property, plant and equipment	75.3	2,334.7
Rental/leasing and licence income	1,312.5	1,141.0
Income from bonus/commission agreements	2,013.8	2,365.9
Income from insurance damages	100.7	257.5
Income from further charging of transportation costs	1,344.3	1,362.7
Income from charging of services	1,653.0	1,422.9
Other income	720.5	957.1
	7,220.0	9,841.7

The item "Income from bonus/commission agreements" includes research and development grants of T€441.6 (previous year: T€591.3) and grants for employees of T€927.0 (previous year: T€924.5).

The item "Other income" also includes proceeds from the sale of raw materials and revenues from prior periods.

Own work capitalised amounting to T€476.1 (previous year: T€439.1) principally consists of development costs to be capitalised according to IFRS.

NOTE 3: Cost of materials

	2015 T€	2014 T€
Material expenses	180,873.3	181,477.4
Cost of purchased services	16,030.7	14,715.8
	196,904.0	196,193.3

NOTE 4: Personnel expenses

	2015 T€	2014 T€
Wages and salaries	137,960.6	127,500.7
Expenses for severance payments and pensions	5,250.9	4,604.6
Expenses for statutory social security contributions	30,693.2	29,107.4
Other social expenses	3,909.8	3,750.7
	177,814.5	164,963.4

Defined contribution employee benefits expenses in the 2015 financial year amounted to T€1,841.2 (previous year: T€1,756.8).

The average number of employees developed as follows:

	2015	2014
White collar workers	2,059	1,965
Blue collar workers	663	590
Apprentices	31	39
	2,753	2,594

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

NOTE 5: Depreciation and amortisation and impairment losses of intangible assets; property, plant and equipment; and investment property

	2015 T€	2014 T€
Depreciation/amortisation of property, plant and equipment and of other intangible assets	15,308.9	15,429.4
Impairment losses	14,361.6	4,499.6
	29,670.5	19,929.0

Impairment losses in 2015 related to goodwill impairment of T€9,098.5 and impairment losses on property, plant and equipment and other intangible assets of T€5,263.2.

The goodwill of CGU France was impaired to T€4,819.9, the goodwill of CGU BWT RU was impaired to T€1,291.3 and the goodwill of CGU BARRIER was impaired to T€2,987.3. As in the previous year, impairment of existing goodwill was attributable to a changed situation on the market and new estimates of financial performance. The goodwill arising from the acquisition of the BWT BARRIER Group and the existing goodwill of CGU BWT RU was measured in 2015 owing to the political and economic situation in Russia and the resulting estimate of financial performance. The impaired goodwill values are assigned either to a regional unit or to a group of regional units.

Impairment losses on property, plant and equipment and other intangible assets relate to new estimates of financial performance and to the measurement of land property.

In the previous year, impairment losses comprised goodwill impairment of T€2,560.7, impairment losses on patents and licenses of T€1,447.7 and impairment losses on property, plant and equipment of T€491.1.

NOTE 6: Other operating expenses

	2015 T€	2014 T€
Advertising expenses	30,500.6	24,019.0
Fleet and travel expenses, entertainment costs	16,008.3	15,357.4
Freight and warehousing	13,294.2	12,676.5
External staff	6,252.8	6,865.7
Rental and leasing expenses	12,682.7	12,138.7
Consultancy costs	4,022.4	3,405.0
Office, postal and telephone expenses	4,143.9	4,195.6
Commissions	6,535.7	6,345.3
Licence expenses	532.5	636.8
Insurance	2,000.4	1,766.0
Maintenance	6,816.0	6,329.4
Energy and fuel	2,896.2	2,812.4
Risks on receivables	1,455.3	1,888.3
Other taxes and fees	3,647.3	3,205.3
Cleaning expenses	1,570.9	1,547.2
Banking charges, certification costs and other third-party costs	1,133.4	1,090.9
Exchange rate differences	349.9	452.2
Others	6,381.7	5,855.1
	120,224.1	110,586.7

In the 2015 financial year, expenditure on services provided by the Group auditors Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Austria, amounted to T€215.4 (previous year: T€160.3). Of this amount, T€139.8 (previous year: T€135.2) related to auditing costs and T€75.6 (previous year: T€25.0) to other services.

As in the previous year, other expenses mainly comprise expenditure on technical support for the research and development department and events resulting in damage.

NOTE 7: Financial result

	2015 T€	2014 T€
Net income/expense (-loss/+profit) from associates	59.4	–299.5
Profit distributions from equity interests	863.1	661.0
Income from other securities	24.2	25.9
Other interest and similar income	311.1	228.2
Other financial income	371.7	0.0
Financial income	1,570.1	915.1
Expenses from equity interests	0.0	4,752.5
Impairment losses of financial investments	0.9	181.2
Interest expense for social capital pursuant to IAS 19	754.6	1,107.0
Interest and similar expenses	1,707.4	1,227.6
Other financial expenses	1,893.7	0.0
Financial expenses	4,356.6	7,268.4

"Net income/expense from associates" comprises pro rata earnings for the period from companies recognised according to the equity method. The recognised pro rata earnings for the period relate wholly to earnings from continuing operations.

Financial income includes interest, dividends and similar income arising from the investing of financial resources and from investing in financial assets. The change from the previous year is due to higher dividend payments of investees and income from the reversal of provisions for extended liabilities from company disposals.

Under "Financial income", a principal amount of T€954.8 (previous year: T€752.9) is entered in the "available for sale" measurement category and T€204.1 (previous year: T€143.0) in "loans and receivables".

"Financial expenses" includes interest incurred on loans and expenses similar to interest as well as interest related to social capital provisions. Expenses from equity interests contain losses from company disposals and the disposal of operating business segments, including obligations for the BWT Group that have already resulted from these disposals as well as obligations that are expected in the future. "Other financial expenses" includes expenses from the measurement of financial liabilities and derivatives for non-current assets, as well as expenses for issued liabilities.

Under "Financial expenses", a principal amount of T€0.9 (previous year: T€181.2) is entered in the "available for sale" measurement category, T€306.9 (previous year: T€0.0) in "held for trading purposes", and T€2,522.3 (previous year: T€ 1,122.4) in "liabilities at amortised cost".

NOTE 8: Taxes on income

The effective tax rate was 46.4% for the 2015 financial year and 45.0% for the 2014 financial year.

The main elements of income tax expense are as follows:

	2015 T€	2014 T€
Actual income taxes:		
Actual tax expense	9,408.0	7,832.1
Tax expense for previous years	–130.0	–5.1
Deferred income taxes:		
Changes in tax assets and liabilities	–1,572.0	792.5
	7,706.0	8,619.5

Deferred income taxes from items recorded in "Other comprehensive income" during the financial year:

	2015 T€	2014 T€
Remeasurement of the net defined benefit liability in accordance with IAS 19	–443.2	–2,326.1
Measurement of "available-for-sale" financial assets in accordance with IAS 39	52.9	–17.6
	–390.2	–2,343.7

The reconciliation of the income tax liability applying the Austrian corporate tax rate of 25% (previous year: 25%) to the effective tax rate for the reporting period results in the following:

	2015 T€	2014 T€
Earnings before taxes	16,621.2	19,134.0
Income tax expense at tax rate of 25% (previous year: 25%)	4,155.3	4,783.5
Different foreign tax rates	–499.2	–304.8
Tax-free income from equity interests	–230.3	–156.2
Effects of local tax rate changes	–11.1	1.7
Effect of non-recognised loss carryforwards	728.4	1,063.6
Utilisation of previously non-recognised loss carryforwards	–63.0	0.0
Adjustment of capitalised loss carryforwards	88.0	2,113.8
Tax expense for previous years	87.2	1.4
Goodwill impairment	3,010.4	852.6
Permanent differences	440.3	263.9
Effective tax liability	7,706.0	8,619.5
Effective tax rate	46.4%	45.0%

The item "permanent differences" mainly relates to non-deductible expenses.

NOTES TO THE CONSOLIDATED BALANCE SHEET

NOTE 9: Intangible assets and property, plant and equipment

A detailed breakdown of the developments in this regard is presented in the statement of changes in assets, which forms an integral part of these consolidated financial statements. The effects of changes within the scope of consolidated companies and changes resulting from disposals and additions of operative businesses are presented in a separate column. Those amounts that arise from differences in the translation of assets applying the exchange rate prevailing at the beginning and at the end of the reporting year for foreign companies are reported as currency-related differences.

Goodwill impairment tests

Goodwill is allocated to the CGUs that are expected to profit from the synergies arising from the business combina-tion and that represent the lowest level at which goodwill is monitored for internal management purposes.

In testing for recoverability, the recoverable value of the CGUs or individual companies is determined based on the calculation of useful life, applying cash flow forecasts.

Cash flow forecasts are based on financial plans prepared by the management for a period of three to five years, which are based on future cash flows expected to arise from internal and external sources. Financial plans are pre-pared taking into account past deviations between target and actual values. These plans take into account average growth over the past few years, strategic revenues volumes and changes in prices. Planned investments, prod-uct-specific costs and other general overheads are included once they have been weighted with probabilities. Regu-latory developments are also factored in for the respective CGUs. Cash flows occurring after the planning period are extrapolated for the CGUs assuming expected average long-term industry growth rates in consideration of the cur-rency risk of between 1.0% and 2.5% (previous year: 1.0% and 1.5%).

The main goodwill after impairment for the financial year concerns BWT Aqua in Switzerland in the amount of T€10,904.3 (previous year: T€10,904.3) and CGU Pharma (P&LS) in the amount of T€6,835.4 (previous year: T€6,835.4). The goodwill of BWT France that was previously material to the BWT Group (previous year: T€4,819.9) was written down in full during the financial year. The goodwill that was allocated to CGU BARRIER from the acquisition of the BWT BARRIER Group amounted to T€2,987.3 at the time of first-time consolidation. However, this amount was written down in full as at 31 December 2015. The discount rates applied for cash flow forecasts are 6.39% for BWT Aqua (previous year: 6.88%), 6.95% for CGU Pharma (P&LS) (previous year: 6.99%), 6.98% for BWT France (previous year: 7.30%) and 12.66% for CGU BARRIER . The discount rate applied for the terminal value is 5.39% (previous year: 5.99%) / 5.95% (previous year: 5.99%) / 5.98% (previous year: 6.30%) / 10.16% (previous year: not applicable) for each CGU respectively. The after-tax discount rate is calculated on the basis of current market data for comparable companies operating in the same industry.

There are sources of estimation uncertainty in respect to the assumptions made relating to revenues and cash flow forecasts, primarily resulting from the effects of changes such as the growth rate, the development of profit margins, changes in working capital, investment plans and the discount rate. Potential effects resulting from the aforemen-tioned changes to material assumptions or a sensitivity analysis with an increase in the discount rate of 50 basis points would give no indication of further goodwill impairment.

For explanations of the impairment values recognised, please see Note 5.

Development costs are capitalised to the extent to which the necessary conditions in accordance with IAS 38 are fulfilled, in particular when the technical useful life is regarded as applicable. Expenses for research and development amounted to T€10,567.6 (previous year: T€9,731.6). Development costs of T€454.2 were also capitalised (previous year: T€292.6).

The balance sheet item “land and buildings” comprises property with a value of T€23,474.5 (previous year: T€22,400.7).

Mortgage collateral amounts to T€18,844.0 (previous year: T€17,475.1). Purchase commitments for major invest-ment projects totalled T€6,457.0 as at 31 December 2015 (previous year: T€2,292.5). Government grants for in-vestments in the amount of T€70.7 (previous year: T€18.3) were recognised in property, plant and equipment as a reduction in acquisition and production costs.

NOTE 10: Investment property

A detailed breakdown of the developments in this regard is presented in the statement of changes in assets, which forms an integral part of these consolidated financial statements. The fair value (Level 3 fair value) totals T€922.9. It was determined on the basis of an income capitalisation approach, which established the expected net profit at the risk-adjusted interest rate and the expected useful life through capitalisation.

Rental income of T€53.1 results from the leasing of investment property (previous year: T€75.0). Aside from impairment of T€87.5 (previous year: T€0.0), no material directly attributable expenses were incurred in the financial year – as in the previous year.

NOTE 11: Financial investments

	31.12.2015 T€	31.12.2014 T€
Investments	1,167.9	1,382.2
Securities	2,459.0	2,248.2
	3,626.9	3,630.4

Investments relate to equity interests held in the following companies:

Company	Interest %	31/12/2015 Book Value T€	Interes %	31/12/2014 Book Value T€
Christ Nishotech Water Systems Pte. Ltd, India	39.00%	127.5	39.00%	127.5
INET InterEko Technik Spol. sr.o., Czech Republik			49.00%	214.4
Others		1,040.4		1,040.4
		1,167.9		1,382.2

Christ Nishotech Water Systems Pte. Ltd, India (equity as at 31 March 2015: INR 84,086.3 thousand (previous year: INR 77,413.5 thousand)); annual earnings from 1 April 2014 to 31 March 2015: INR 6,937.3 thousand (previous year: INR 9,804.7 thousand)) is carried at amortised cost since the majority shareholder is responsible for the company's management and the BWT Group therefore has no involvement in the decision-making processes concerning Christ Nishotech. The BWT Group hence has no significant influence over the company – as in the previous year.

For information on the inclusion of INET InterEko Technik Spol. s.r.o., Czech Republic, in the financial year, please see Note 12.

Securities comprise the following:

	31/12/2015 T€	31/12/2014 T€
Fund participations and listed shares	1,521.5	1,310.7
Other securities	937.5	937.5
	2,459.0	2,248.2

As far as it was possible to determine market values for the financial investments, material changes in value were recognised in "Other comprehensive income". Value impairments are recognised in profit or loss in the consolidated income statement.

Note 12: Investments in associates

All of the companies included according to the equity method are listed in Appendix V.1.

The investments in associates developed as follows:

	2015 T€	2014 T€
As at 1 January	43.6	0.0
Transfer from financial investments	214.4	19.6
Capital increase	0.0	348.0
Dividends paid	–49.0	–24.5
Pro rata earnings for the period (including non-recognised pro rata earnings for the period relating to previous years) = total comprehensive income	59.4	–299.5
As at 31 December	268.3	43.6

In addition to SAS Alpha Industries, Quatre Champs, INET InterEko Technik Spol. s.r.o., Vysoká was included in the consolidated financial statements using the equity method for the first time in the 2015 financial year as the Group obtained significant influence with the 49% interest(see information on the scope of consolidation). Nevertheless, both companies are not of material significance for the BWT Group.

NOTE 13: Inventories

	31.12.2015 T€	31.12.2014 T€
Raw materials and supplies	28,604.7	25,321.4
Work in progress	12,032.7	10,467.4
Finished goods and goods for resale	34,454.9	33,989.7
Advance payments	3,681.7	2,482.5
	78,773.9	72,261.0

In the consolidated income statement, impairment losses on inventories are expensed in the amount of T€1,271.9 (previous year: T€954.7).

NOTE 14: Receivables and other assets

31/12/2015	Total	of which current T€	of which non-current T€
Trade receivables	78,453.4	78,453.4	0.0
Receivables from construction contracts	10,470.4	10,470.4	0.0
Income taxes	967.8	967.8	0.0
Other receivables from third parties	10,768.4	9,102.9	1,665.6
	100,660.0	98,994.4	1,665.6

31/12/2014	Total	of which current T€	of which non-current T€
Trade receivables	63,198.3	63,198.3	0.0
Receivables from construction contracts	8,831.0	8,831.0	0.0
Income taxes	3,061.6	3,061.6	0.0
Other receivables from third parties	8,221.3	7,713.6	507.7
	83,312.2	82,804.5	507.7

Receivables and other assets are classified as financial and non-financial assets in Note 26: Financial instruments.

Maturity structure of trade receivables:

	Total gross T€	Neither past due nor impaired T€	Past due and impaired T€	Past due but not impaired < 60 days T€	Past due but not impaired > 60 days T€
31/12/2015	83,655.3	63,328.4	8,913.2	11,413.7	0.0
31/12/2014	68,068.9	50,100.3	8,895.7	9,072.9	0.0

Change in impairment losses on trade receivables:

	2015 T€		2014 T€	
	Specific impairment allowance	Portfolio-based allowance	Specific impairment allowance	Portfolio-based allowance
As at 1 January	3,775.0	1,095.6	2,858.6	923.4
Impairments of receivables	1,372.6	0.0	1,427.3	0.0
Amounts written down due to uncollectability	–435.2	0.0	–214.1	0.0
First consolidation of BWT BARRIER Group	120.5	221.0	0.0	0.0
Reversal of valuation allowances	–1,146.7	0.0	–296.7	0.0
Change in portfolio-based allowance	0.0	199.1	0.0	172.2
As at 31 December	3,686.3	1,515.7	3,775.0	1,095.6

If no definitive event of default has occurred, allowances are recognised when necessary. Receivables are only written down once the default has become effective.

As at 31 December 2015, trade receivables were impaired to T€5,201.9 (previous year: T€4,870.6). Such impairments are partially based on the reminder level. Moreover, the Company runs individual impairment tests for material past due receivables. There are generally no indications of default in the case of receivables which are not yet due.

In addition, there is the addition of a portfolio-based allowance for impairment losses on receivables on the basis of not impaired receivables starting at 60 days past due. Impairment that is assessed on a portfolio basis is based on the maturities of the amounts receivable and a country-specific risk, which is determined on the basis of external credit rating agencies.

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

NOTE 15: Receivables from construction contracts

	2015 T€	2014 T€
Contract revenues in the financial year	35,251.3	34,677.5
Cumulative costs up to 31 December	43,744.5	38,804.2
Cumulative profits realised up to 31 December	9,261.3	8,756.4
Cumulated losses realised up to 31 December	133.7	247.2
Part payments received	48,888.8	42,243.8

Part payments received were offset against receivables from construction contracts.

Construction contracts with debit balances in relation to customers amounted to T€6,071.8 (previous year: T€3,971.8).

NOTE 16: Cash and cash equivalents

	31.12.2015 T€	31.12.2014 T€
Bank balances	91,026.1	69,307.3
Cash-in-hand	99.2	127.5
Cheques	405.7	656.0
Cash and cash equivalents (net) in the consolidated cash flow statement	91,531.0	70,090.8

As at 31 December 2015, the Group had unrestricted access to cash and cash equivalents.

NOTE 17: Assets held for sale

In the fourth quarter of 2015, the decision was taken to sell a property in the Austria / Germany segment that was no longer in use. The requirements for recognition pursuant to IFRS 5 have been met as at 31 December 2015. It was measured at the carrying amount as at 31 December 2015.

NOTE 18: Deferred taxes

Deferred taxes result from the following timing and accounting differences between carrying amounts in IFRS financial statements and from the respective assessment bases for taxation purposes:

	31.12.2015 T€	31.12.2014 T€
Deferred tax assets:		
Social capital provisions	6,048.7	5,637.2
Deferred tax claims arising from tax loss carryforwards	3,707.3	2,684.1
Various tax write-downs of property, plant and equipment and immaterial assets	1,208.4	1,639.0
Valuation of claims not recognised for tax purposes	423.6	495.0
Provisions not deductible for tax purposes	517.6	486.0
Other (temporary measurement differences)	2,567.6	1,107.0
	14,473.3	12,048.3
Deferred tax liabilities		
Capitalised R&D	463.1	558.2
Various tax write-downs of property, plant and equipment and immaterial assets	373.5	513.7
Measurement of financial assets available for sale	1,071.8	1,071.8
Differences due to production orders (POC)	1,117.1	1,344.3
Remeasurement of assets within the framework of purchase price assignment	50.8	118.5
Other (temporary measurement differences)	76.1	24.1
	3,152.4	3,630.6
Deferred tax assets / liabilities	11,320.9	8,417.7
Recorded as follows in the balance sheet:		
Deferred tax claims	11,652.7	8,838.1
Deferred tax liabilities	–331.7	–420.4
Deferred tax assets / liabilities	11,320.9	8,417.7

With regard to deferred tax claims and tax liabilities, the items have been presented net across the Group for each underlying cause. In accordance with IAS 12, deferred tax claims on existing losses carried forward amounting to T€3,707.3 (previous year: T€2,684.1) were capitalised as these are expected to be netted against future taxable profits. For deferred taxes on existing losses carried forward, any time limitation regarding the use of loss carryforwards was accounted for in the respective countries. Moreover, loss carryforwards for which no deferred tax claims were stated amount to T€28,565.4 (previous year: T€19,013.1), thereof T€3,504.86 expiring in 1 to 10 years (previous year: T€2,225.4) and T€0.0 expiring in 11 to 18 years (previous year: T€5,620.5).

Deferred tax liabilities of T€3,837.0 (previous year: T€4,107.0) arising from the difference between the carrying amount of the investments in the tax accounts and the net assets in accordance with the IFRS financial statements are not recognised. This is because the parent company is able to control the timing of the recognition of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

NOTE 19: Equity

The composition and development of the equity recognised in the balance sheet is presented in the consolidated statement of changes in equity.

BWT's share capital consists of 17,833,500 no-par value shares (previous year: 17,833,500), each of which represents an equal share in the share capital. All issued shares are fully paid-up.

WAB Privatstiftung, a private trust of that Mr Andreas Weissenbacher, the long-standing CEO of BWT AG, holds a controlling participation within the meaning of the Takeover Act (ÜbG), and its subsidiary FIBA Beteiligungs- und Anlage GmbH and Mr Andreas Weissenbacher together hold 14,477,866 shares as at 31 December 2015 (previous year: 14,205,880 shares). This equates to 81.2% of BWT AG's total share capital (previous year: 79.7%). Around 12.8% of the share capital is in the free float (previous year: 14.3%). The remaining 6.0% are BWT AG treasury shares. As at 31 December 2015, BWT AG had purchased a total of 1,073,418 company shares in the course of its share buy-back programme. The free float is held by Austrian and international investors. BWT's shares are listed on the Standard Market Auction of the Vienna Stock Exchange under International Security Identification No. AT0000737705. In the USA, until last year BWT's shares were traded on the OTC market via a Sponsored Level 1 ADR Programme operated by the Bank of New York, which ended on 30 April 2014.

The tied-up capital reserves of BWT Aktiengesellschaft, the parent company, amounting to T€17,095.8 are not distributable but result from the premium on the 1994 share issue and are presented in the capital reserves.

Retained earnings include the cumulative profit or loss for the period and cumulative other earnings (remeasurements of the net defined benefit liability in accordance with IAS 19). In addition, the measurement of financial assets held for sale pursuant to IAS 39 and currency translation differences are also reported in retained earnings.

Resolutions of the Annual General Meetings held on 24 May 2007, 20 May 2008, 26 May 2010, 24 May 2012 and 19 May 2014 authorised the Management Board to buy back and (with the approval of the Supervisory Board) resell the Company's own shares by other means than via the stock exchange or through a public offering, and also disapplying existing shareholders' subscription rights. The last acquisition to date occurred on 20 September 2013. As at the balance sheet date of 31 December 2015, BWT AG holds a total of 1,073,418 treasury shares. The full cost of the acquisition amounting to €19.4 million (previous year: €19.4 million) was recorded in the consolidated balance sheet as a deduction from equity, as required under IFRS provisions.

A dividend payment of T€4,692.8 was distributed for outstanding shares in the 2015 financial year (previous year: T€4,692.8), which corresponds to €0.28 per share (previous year: €0.28).

Non-controlling interests
The companies with non-controlling interests are listed in the attached Appendix V.1. The non-controlling interests are immaterial for the BWT Group, with the exception of the BWT BARRIER Group companies. Losses are then also allocated to the non-controlling interest if this results in a negative balance.

The following table displays financial information relating to the BWT BARRIER Group before inter-company eliminations. Control over the BWT BARRIER Group was obtained at the end of October 2015 when the BWT BARRIER Holding GmbH company was acquired. Consequently, the information only relates to the period from 1 November to 31 December 2015.

31/12/2015	BWT BARRIER Group T€
Non-current assets	9,155.5
Current assets	23,704.1
Non-current liabilities	7,735.5
Current liabilities	5,508.6

01/11/2015 – 31/12/2015	BWT BARRIER Group T€
Revenues	7,352.8
Thereof inter-company eliminations	0.0
Profit/loss for the period	–3,865.4
Profit/loss allocated to non-controlling interests	–1,623.3
Percentage of non-controlling interests	36.3% – 80.1%

In the financial year, the interest in a German subsidiary was reduced from 100% to 94.5%. The BWT Group recorded an increase in non-controlling interests. Retained earnings increased only slightly by the difference between the purchase price and the addition of non-controlling interests (see consolidated statement of changes in equity).

NOTE 20: Provisions for social capital

The calculation of social capital provisions (pension, severance payment and long-service bonus provision) was made in accordance with the provisions of IAS 19.

Provisions for pensions
Provisions for pensions involve defined benefit plans pursuant to IAS 19.

Within the BWT Group, there are two key groups of pension plans for pensions and similar obligations determined by national regulations or voluntary agreements. They relate to Austria, Germany and Switzerland.

Pension plans in Austria and Germany are defined benefit pension plans. These pension plans take into account length of service and partially prescribed salary/wages. All actuarial and investment risks are borne by the employer.

Another defined benefit pension plan relates to employees insured in the Swiss subsidiary. Under the Swiss Federal Law on Occupational Old-Age, Survivors and Invalidity Pensions (BVG), every employer must provide a level of post-employment benefit for employees entitled to such benefits. Under the pension plan, all benefits in accordance with the regulations are fully covered by Swiss Life AG in a relevant agreement. Swiss Life AG invests the pension capital and provides a 100% capital and interest guarantee. Within the meaning of IAS 19, the Swiss auditing committee (KWP) and its accounting sub-committee also consider “fully insured” occupational pension plans to be defined benefit plans.

The following parameters were applied in performing calculations using the projected unit credit method:

Biometric calculation bases	2015	2014
Actuarial discount rate euro zone	2.00%	1.90%
Actuarial discount rate Switzerland	0.75%	1.15%
Wage/salary trend Switzerland	1.00%	1.00%
Pension trend euro zone	1.70%	1.70%

Retirement age was established on the basis of the legal provisions in force in the individual countries. In Austria, biometric calculation bases (AVÖ 2008-P) were assumed. In Germany, the biometric calculation bases are based on the 2005 G von Heubeck mortality tables. The demographic data in Switzerland is based on the technical assumptions of BVG 2010. The turnover rate in Switzerland is based on BVG 2010, whereas the turnover rate in the euro zone varied from 0% to 2% depending on age – as in the previous year.

Changes in the present value of defined benefit obligations of the respective plans, divided into plans with and without plan assets, are as follows:

	2015			2014		
in T€	Without plan assets	With plan assets	Total	Without plan assets	With plan assets	Total
Present value of pension obligations (DBO) as at 1 January	25,077.5	41,673.6	66,751.1	21,291.6	35,427.6	56,719.1
Service costs	133.4	1,325.2	1,458.6	98.7	1,694.7	1,793.4
Contributions of participants in the plan	0.0	2,529.5	2,529.5	0.0	3,351.9	3,351.9
Interest expense	464.6	541.3	1,005.9	727.4	717.2	1,444.6
Pension payments	–1,218.8	–4,264.9	–5,483.7	–1,215.3	–3,944.4	–5,159.7
Remeasurement of the net defined benefit liability	–353.2	2,774.6	2,421.4	4,175.2	3,668.5	7,843.6
Currency differences	0.0	4,570.9	4,570.9	0.0	758.1	758.1
Present value of pension obligations (DBO) as at 31 December	24,103.5	49,150.2	73,253.7	25,077.5	41,673.6	66,751.1
Plan assets	0.0	–38,510.4	–38,510.4	0.0	–33,789.8	–33,789.8
Provisions for pensions	24,103.5	10,639.8	34,743.2	25,077.5	7,883.9	32,961.4

The "Service costs" item includes past income amounting to T€935.6 (previous year: T€0.0).

Remeasurements of the net defined benefit liability were recognised in "Other comprehensive income" in accordance with IAS 19. The interest expense was recognised in the financial result. The remaining components are included in personnel expenses.

Employer contributions estimated for the next financial year are expected to have a similar value to those paid in the 2015 financial year.

The following table shows a quantitative sensitivity analysis for material actuarial assumptions as at 31 December 2015. With the other assumptions remaining constant, the defined benefit obligation would have been affected by changes in one of the material actuarial assumptions that were reasonably expected at the balance sheet date by the following amounts. No possible interdependencies between the individual actuarial assumptions were taken into consideration.

Assumptions	Discount rate		Salary trend		Pension trend	
Sensitivity level	0.50%	–0.50%	0.50%	–0.50%	0.50%	–0.50%
Influence on the present value 31/12/2015 in T€	–5,641.7	6,453.2	166.3	–171.7	1,303.3	–1,197.5
Influence on the present value 31/12/2014 in T€	–5,027.9	5,736.7	143.6	–151.5	1,384.3	–1,270.6

The changes in the fair value of the plan assets are as follows:

	2015 T€	2014 T€
Fair value of plan assets as at 1 January	33,789.8	31,523.5
Expected yield	438.9	638.2
Employer contributions	1,851.7	1,514.2
Contributions of participants in the plan	2,529.5	3,351.9
Benefits paid out	–4,264.9	–3,944.4
Remeasurement of the net defined benefit liability	467.3	32.2
Currency differences	3,698.3	674.1
Fair value of plan assets as at 31 December	38,510.4	33,789.8

The plan assets comprise the following:

	2015 T€	2014 T€
Fixed term deposits (listing on active market)	60.0	69.8
Insurance contract (no listing on active market)	38,450.4	33,720.0
	38,510.4	33,789.8

The actual yield for the plan assets is the expected yield plus positive/negative remeasurements of the net defined benefit liability in accordance with IAS 19.

The remeasurements of the net defined benefit liability in the case of pension provisions recognised in the financial year in accordance with IAS 19 were as follows:

	2015 T€	2014 T€
Pension obligations		
Experience-based adjustments	–543.3	155.3
Adjustments of financial actuarial assumptions	–1,878.1	–7,998.9
	–2,421.4	–7,843.6
Plan assets		
Experience-based adjustments	467.3	32.2
	–1,954.2	–7,811.4

The accumulated remeasurements of the net defined benefit liability relating to pension and severance pay provisions recognised in "Other comprehensive income" in accordance with IAS 19 amount to T€-17,544.7 (previous year: T€-15,717.0) after taxes.

The average term of the pension provisions is 14.7 years (previous year: 14.7 years).

Provisions for severance payments
Provisions for severance payments involve defined benefit plans pursuant to IAS 19.

The following parameters were applied in performing calculations using the projected unit credit method:

Biometric calculation bases	2015	2014
Actuarial discount rate euro zone	2.00%	1.90%
Wage/salary trend	3.00%	3.00%

Retirement age was established on the basis of the legal provisions in force in the individual countries. In Austria, biometric calculation bases (AVÖ 2008-P) were assumed, whereas in Italy biometric calculation bases based on the ISTAT 2000 mortality table were assumed. In France, the biometric calculation bases are based on the TH 00-02 and TF 00-02 mortality tables. A turnover rate of between 0.0% and 7.8% (previous year: between 0.0% and 10.0%) was selected, depending on age. Changes in the present value of defined benefit obligations of the respective plans, divided into plans with and without plan assets, are as follows:

	2015			2014		
in T€	Without plan assets	With plan assets	Total	Without plan assets	With plan assets	Total
Present value of obligations (DBO) as at 1 January	4,584.0	3,958.6	8,542.5	5,016.4	2,891.4	7,907.7
Change in scope of consolidation	0.0	0.0	0.0	–899.7	0.0	–899.7
Service costs	210.3	274.0	484.3	234.5	190.5	425.0
Interest expense	85.9	75.2	161.2	161.9	101.2	263.1
Severance payments	–351.3	–99.3	–450.7	–345.5	–91.6	–437.1
Remeasurement of the net defined benefit liability	388.9	–48.0	340.8	416.3	867.1	1,283.4
Present value of obligations (DBO) as at 31 December	4,917.7	4,160.4	9,078.2	4,584.0	3,958.6	8,542.5
Plan assets	0.0	–701.0	–701.0	0.0	–663.5	–663.5
Provisions for severance payments	4,917.7	3,459.4	8,377.1	4,584.0	3,295.1	7,879.0

Remeasurements of the net defined benefit liability were recognised in “Other comprehensive income” in accordance with IAS 19. The interest expense was recognised in the financial result. The remaining components are included in personnel expenses. Changes to the plan assets are recognised in a similar way.

Employer contributions estimated for the next financial year are expected to have a similar value to those paid in the 2015 financial year – as in the previous year.

The following table shows a quantitative sensitivity analysis for material actuarial assumptions as at 31 December 2015. With the other assumptions remaining constant, the defined benefit obligation would have been affected by changes in one of the material actuarial assumptions that were reasonably expected at the balance sheet date by the following amounts. No possible interdependencies between the individual actuarial assumptions were taken into consideration.

Assumptions	Discount rate		Salary trend	
Sensitivity level	0.50%	–0.50%	0.50%	–0.50%
Influence on the present value 31/12/2015 in T€	–540.8	592.8	526.9	–485.1
Influence on the present value 31/12/2014 in T€	–484.1	530.2	511.6	–472.2

The plan assets consist entirely of insurance policies covering future pension obligations (no listing on active market), 90% of which are invested in Euro Fonds with a guaranteed minimum interest rate. The changes in the fair value of the plan assets are as follows:

	2015 T€	2014 T€
Fair value of plan assets as at 1 January	663.5	644.7
Expected yield	13.3	12.2
Remeasurement of the net defined benefit liability	24.3	6.6
Fair value of plan assets as at 31 December	701.0	663.5

The actual yield for the plan assets is the expected yield plus positive/negative remeasurements of the net defined benefit liability in accordance with IAS 19.

The remeasurements of the net defined benefit liability in the case of severance pay provisions recognised in the financial year in accordance with IAS 19 were as follows:

	2015 T€	2014 T€
Severance pay obligation		
Experience-based adjustments	–124.2	216.9
Adjustments of financial actuarial assumptions	7.3	–1,528.3
Adjustments of demographic actuarial assumptions	–224.0	28.0
	–340.8	–1,283.4
Plan assets:		
Adjustments of financial actuarial assumptions	24.3	6.6
	–316.6	–1,276.8

The average term of the severance pay provisions is 12.7 years (previous year: 11.9 years).

Anniversary bonus provisions
Anniversary bonus provisions involve "other long-term employee benefits" pursuant to IAS 19. The following parameters were applied in performing calculations using the projected unit credit method:

Biometric calculation bases	2015	2014
Actuarial discount rate euro zone	2.00%	1.90%
Wage/salary trend	3.00%	3.00%

Retirement age was established on the basis of the legal provisions in force in the individual countries. A turnover rate of between 0.0% and 15.1% (previous year: between 0.0% and 15.1%) was selected, depending on age.

Changes in the present value of defined benefit obligations are as follows:

	2015 T€	2014 T€
Present value of obligations (DBO) as at 1 January	1,830.8	1,461.2
Change in scope of consolidation	0.0	–29.1
Service costs	161.7	123.5
Interest expense	34.0	49.7
Anniversary bonus payments	–146.4	–71.5
Remeasurement of the net defined benefit liability	42.3	296.9
Present value of obligations (DBO) as at 31 December	1,922.4	1,830.8

Remeasurements of the net defined benefit liability were recorded as "Service costs" under personnel expenses in accordance with IAS 19. The interest expense was recognised in the financial result. The remaining components are included in personnel expenses.

NOTE 21: Other provisions

The development of other provisions, which were recognised according to IAS 37, is presented in the table below:

	1/1/2015 T€	Change in scope of consolidation T€	Currency differences T€	Utilisation T€	Reversal T€	Addition T€	31/12/2015 T€	Of which non-current T€
Guarantees	4,009.2	0.0	78.8	–2,652.8	–86.2	3,276.6	4,625.6	320.9
Bonuses, rebates	2,369.6	508.7	9.7	–2,585.5	–4.9	3,300.0	3,597.6	0.0
Annual financial statement costs	375.0	24.4	4.6	–361.0	–11.6	378.5	410.0	0.0
Litigation costs	266.4	0.0	0.6	–135.0	–55.0	376.6	453.7	0.0
Events causing damage	3,077.9	0.0	2.7	–790.8	–235.3	886.1	2,940.7	0.0
Others	10,036.5	0.0	41.1	–3,951.4	–818.4	6,545.0	11,852.8	1,203.4
	20,134.7	533.1	137.5	–10,476.4	–1,211.3	14,762.9	23,880.5	1,524.3

	1/1/2014 T€	Change in scope of consolidation T€	Currency differences T€	Utilisation T€	Reversal T€	Addition T€	31/12/2014 T€	Of which non-current T€
Guarantees	3,702.6	0.0	–7.2	–2,396.7	–452.6	3,163.2	4,009.2	286.7
Bonuses, rebates	1,998.0	–155.2	2.1	–2,017.6	0.0	2,542.3	2,369.6	0.0
Annual financial statement costs	391.8	–4.1	2.6	–341.2	–13.3	339.2	375.0	0.0
Litigation costs	178.9	0.0	–0.1	–64.3	–104.6	256.5	266.4	0.0
Events causing damage	506.2	0.0	–0.4	–161.9	–50.5	2,784.6	3,077.9	0.0
Others	6,441.3	–129.0	25.0	–2,837.2	–913.9	7,450.4	10,036.5	1,159.4
	13,218.7	–288.3	22.0	–7,819.0	–1,534.8	16,536.2	20,134.7	1,446.1

The provisions for guarantees concern the costs of expected complaints relating to products that are still under guarantee. It is expected that most of these costs will be incurred within the next financial year and in the case of long-term guarantee provisions within the guarantee period of essentially up to three years after the balance sheet date.

Other provisions include the provision for sales representatives' severance claims and liability provisions. Owing to the nature of the provision, the timing cannot be predicted. The increase in other provisions is primarily due to provisions for restructuring costs.

NOTE 22: Liabilities

31/12/2015	Total T€	Residual maturity of less than 1 year T€	Residual maturity between 1 year and 5 years T€	Residual maturity of more than 5 years T€	Residual maturity of more than 1 year and collateralised T€
Non-derivative financial liabilities					
Interest-bearing financial liabilities	100,845.2	16,941.3	71,091.4	12,812.5	11,091.4
Trade liabilities	38,439.3	38,439.3	0.0	0.0	0.0
Other liabilities					
Of which:					
Other liabilities	9,233.2	9,233.2	0.0	0.0	0.0
	148,517.6	64,613.8	71,091.4	12,812.5	11,091.4
Derivative financial liabilities					
Other liabilities					
Of which:					
Other liabilities	306.9	306.9	0.0	0.0	0.0
	306.9	306.9	0.0	0.0	0.0
Non-financial liabilities					
Other liabilities					
Of which:					
Advance payments received on orders	9,711.2	9,711.2	0.0	0.0	0.0
Other liabilities	32,701.6	32,701.6	0.0	0.0	0.0
	42,412.8	42,412.8	0.0	0.0	0.0
Total liabilities	191,237.4	107,333.5	71,091.4	12,812.5	11,091.4
Existing interest payment obligations for financial liabilities:					
Interest-bearing financial liabilities	4,924.1	1,221.4	3,494.3	208.4	0.0
Non-discounted financial liabilities in accord-ance with IFRS 7.39 (a) (b) and non-financial liabilities	196,161.5	108,554.9	74,585.7	13,020.9	11,091.4

31/12/2014	Total T€	Residual maturity of less than 1 year T€	Residual maturity between 1 year and 5 years T€	Residual maturity of more than 5 years T€	Residual maturity of more than 1 year and collateralised T€
Non-derivative financial liabilities					
Interest-bearing financial liabilities	85,020.6	8,483.0	62,475.1	14,062.5	17,475.1
Trade liabilities	38,885.4	38,885.4	0.0	0.0	0.0
Other liabilities					
Of which:					
Liabilities on bills accepted and drawn	55.5	55.6	0.0	0.0	0.0
Other liabilities	10,554.9	9,863.3	691.6	0.0	0.0
	134,516.4	57,287.3	63,166.6	14,062.5	17,475.1
Derivative financial liabilities					
Other liabilities					
Of which:					
Other liabilities	18.5	18.5	0.0	0.0	0.0
	18.5	18.5	0.0	0.0	0.0
Non-financial liabilities					
Other liabilities					
Of which:					
Advance payments received on orders	7,484.4	7,484.4	0.0	0.0	0.0
Other liabilities	25,610.1	25,610.1	0.0	0.0	0.0
	33,094.5	33,094.5	0.0	0.0	0.0
Total liabilities	167,629.5	90,400.4	63,166.6	14,062.5	17,475.1
Existing interest payment obligations for financial liabilities:					
Interest-bearing financial liabilities	5,452.7	1,352.6	3,654.6	445.5	0.0
Non-discounted financial liabilities in accordance with IFRS 7.39 (a) (b) and non-financial liabilities	173,082.2	91,753.0	66,821.2	14,508.0	17,475.1

Liabilities are classified as financial and non-financial liabilities in Note 26: Financial instruments.

Other liabilities include other tax liabilities of T€8,345.6 (previous year: T€6,239.9) and other social security liabilities of T€3,554.0 (previous year: T€3,153.5).

Collateral in rem mainly consists of mortgage rights.

NOTE 23: Other liabilities and contingent liabilities

Rental and lease agreements
The BWT Group has concluded operating rental and lease agreements with a number of contractual partners, which mainly relate to the use of buildings, offices and cars. The minimum amounts payable under those agreements in the future are as follows:

2015	T€
2016	11,316.3
2017–2020	14,729.2
Thereafter	1,396.4

2014	T€
2015	10,404.6
2016–2019	13,243.7
Thereafter	148.4

Total rental and leasing expenses in the financial year amounted to T€12,682.7 (previous year: T€12,138.7).

No significant finance lease agreements were concluded.

Warranties and guarantees
Most of the provisions for extended liabilities from company disposals recognised last year are still outstanding, a portion of them was used and insignificant amounts were reversed. A guarantee issued in the financial year was fully provided for. These provisions are reported under "Other provisions".

As at 31 December 2015, the likelihood of claims for all other warranties and guarantees assumed is deemed to be not more than remote.

Pending litigation
There are a number of legal disputes, particularly in the area of patent and trademark rights. For legal proceedings which are at a stage where the outcome can be predicted with a reasonable degree of certainty, a corresponding provision in line with IAS 37 was established. The management expects that the other disputes will have no significant impact on the net assets, financial position and results of operations of the BWT Group.

On 25 August 2015, the Annual General Meeting resolved by qualified majority on the merger of BWT Aktiengesellschaft with the non-listed company BWT Holding AG, which would entail a delisting of BWT's shares on the stock exchange. Two shareholders filed their opposition to this resolution with the Regional Court of Wels within the contestation period. A further eight people have since joined the proceedings on the side of the plaintiffs.

BWT lodged responses in due time and refuted the legal actions, making reference to current legislation. It is not yet possible to estimate the outcome of the legal actions and the associated direct and indirect costs.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement shows how the funds of the Group changed over the course of the financial year as a result of cash inflows and outflows. The effects of company purchases or disposals were eliminated and are detailed in the items "Payments for acquisition of subsidiaries less acquired cash and cash equivalents" and "Proceeds from disposal of subsidiaries less disposed cash and cash equivalents". The cash flow statement distinguishes between operating, investing and financing activities.

NOTE 24: Cash flow from operating activities

Cash flow from operating activities shows the cash flows arising from transactions made and received in goods and services carried out during the financial year. Cash flow from operating activities totalling T€45,884.4 (previous year: T€39,486.2) includes changes in working capital.

Interest and dividends are recognised in cash flow from operating activities.

NOTE 25: Cash flow from investing activities

As at the balance sheet date, there are outstanding liabilities for investments in property, plant and equipment, intangible assets and financial assets amounting to T€1,505.9 (previous year: T€1,443.5).

As at the balance sheet date, there are no material outstanding receivables for the disposal of property, plant and equipment, intangible assets and financial assets – as in the previous year.

NOTE 26: Financial instruments

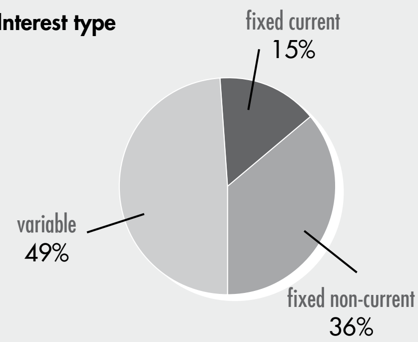
Interest-bearing financial liabilities

Interest-bearing financial liabilities totalling T€100,845.2 were reported as at the balance sheet date of 31 December 2015 (previous year: T€85,020.6). In 2015, the final tranche of the promissory note loan taken out in 2014 was paid, totalling T€20,000.0.

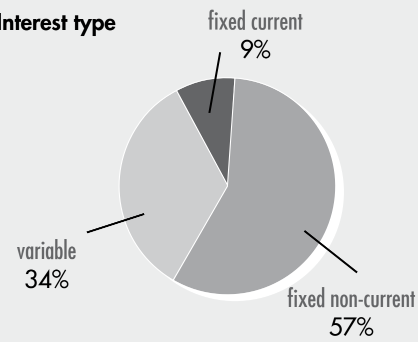
As at the balance sheet date, the interest-bearing financial liabilities have an average effective interest rate of 1.45% (previous year: 1.67%) and break down as follows:

31/12/2015	31/12/2014

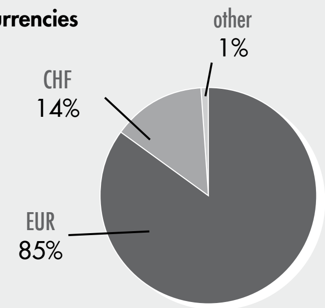
Interest type (31/12/2015)



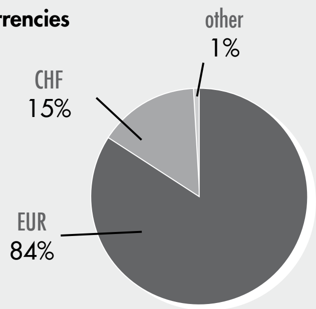
Interest type (31/12/2014)



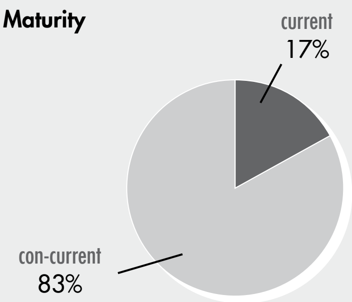
Currencies



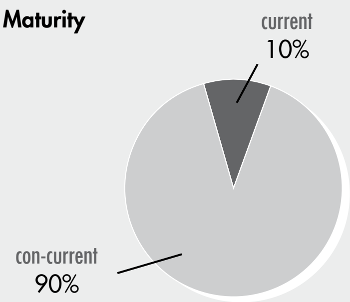
Currencies



Maturity



Maturity



Financial risk management
The Group treasury performs services for business segments and coordinates access to national and international financial markets. It also monitors and controls financial risks associated with the Group's business segments. Interest and currency risks are considered to be considerable market risks.

Interest rate risk
As part of the BWT Group's business activities, it is necessary to use debt to finance operating resources, investments and possible expansions of the BWT Group. Current debt has both fixed and variable interest rates and is short-, medium- and long-term. The company reorganisation in 2014 has given the financing structure a longer-term composition. Loans with a short-term fixed interest rate and variable interest loans are exposed to a standard market interest rate risk. At present, the Management Board assesses the interest rate risk for the financial instruments shown in the consolidated balance sheet as low. Possible risks that may result from changes in the interest rate are regularly evaluated as part of the Group's financing activities.

The following interest rate sensitivity analysis was prepared assuming 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. This represents the assessment of the Management Board 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 liabilities or receivables outstanding 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 T€178.0 higher (previous year: T€169.3 higher). If interest rates were 50 basis points lower, and all other variables remained constant, net interest income would be T€408.8 lower (previous year: T€169.3 lower). Possible negative interest on bank balances was factored into the calculation.

Exchange rate risks
The BWT Group partly finances its operating resources, investments and possible expansion in foreign currencies. Cash and cash equivalents are also partly held in foreign currencies. Both are directly related to the international character of the Group's operations. Covering transactions are carried out in the Group's central treasury for cash flows in foreign currencies and these reduce the negative repercussions of exchange rate fluctuations.

As in the previous year, EUR/CHF and EUR/USD 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 subsidiary's EUR balance sheet items from operating activities as well as the CHF balance sheet items of EUR companies. The EUR/USD risk arises from USD balance sheet items. Due to the acquisition of the BWT BARRIER Group in 2015, the EUR/RUB currency pair joined the group of relevant currency pairs for the BWT Group on a long term basis. The EUR/RUB risk is primarily related to the EUR balance sheet items of Russian subsidiaries and to the RUB balance sheet items of EUR companies.

The following currency sensitivity analysis investigates the effects of an increase or decrease in the relevant currency pairs by 10% on the measurement of financial instruments as at the balance sheet date. This relates to the balance sheet date at 31 December 2015.

Effects on 2015 EBIT	Increase 10% T€	Decrease 10% T€
EUR/CHF exchange rate	–153.0	187.1
EUR/USD exchange rate	–240.5	294.0
EUR/RUB exchange rate	–698.5	853.8

Effects on 2014 EBIT	Increase 10% T€	Decrease 10% T€
EUR/CHF exchange rate	543.6	–664.3
EUR/USD exchange rate	–148.2	181.2
EUR/RUB exchange rate	–72.9	89.0

Liquidity risk/financing risk

Liquidity relates on the one hand to the ability to obtain sufficient financial resources in the form of cash and/or lines of credit at any given time to make due payments or to obtain necessary guarantees and suretyships from banks. On the other hand, it should also be guaranteed that available liquidity and financial investments are provided or can be accessed by the BWT Group practically without risk and at short notice.

A corporate-wide financing company operating within the BWT Group, which also holds the existing cash pools, is available to control and optimise liquidity. The BWT Group's investment strategy is orientated towards cooperating with financial partners of impeccable credit standing.

The BWT Group has access to sufficient bank credit lines. Due to the Group's good credit standing and its low level of net debt, at present we consider the current economic conditions to have no direct impact on its access to credit lines. The BWT Group also secured longer-term financing by reorganising its financing structure in 2014.

Non-discounted cash flow is detailed in Note 22.

Customer default/solvency risk

BWT's business activities are exposed to a risk that customers will not be able to fulfil, partially or completely, their payment obligations to the BWT Group.

In line with standard market practices, the BWT Group is thus attempting to reduce this risk by, for example, obtaining payment guarantees from banks and credit insurance companies. 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, for example by obtaining company information from reputable agencies.

Default risk management

The 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. The default risk is limited to the recognised amount.

Primary financial instruments

Primary financial instruments are presented in the consolidated balance sheet. On the assets side, they include in-vestments in securities, liquid funds, trade receivables and other receivables. On the liabilities side, they include trade liabilities, other liabilities and interest-bearing financial liabilities. The carrying amount of primary financial instruments in the consolidated balance sheet basically reflects their market or fair value. On the assets side, the recorded amounts also reflect the maximum default and solvency risk as there are no global set-off agreements. The impact of potential default of receivables on the Group's earnings is regarded as low because the creditworthiness of new and existing customers is continually monitored and no more than 5% of total receivables are outstanding from any one customer.

Credit risk related to cash investments and securities is limited as only a small number of securities are held, primar-ily in Austrian companies, and the BWT Group only cooperates with financial partners that have impeccable credit-worthiness. The risk related to cash investments is also spread out by distribution among several banks and curren-cies.

Due to the decentralised character of the BWT Group in Europe, loans for current assets are taken out and cash investments are made in the respective currencies of local companies as well. Exchange rate risks are therefore very limited as the transactions of foreign companies are mainly invoiced in the respective local currency. An exception to this are investments made by the corporate-wide financing company, which also invests and borrows cash and cash equivalents in currencies relevant to the Group up to defined limits.

Measurement categories of financial instruments

2015 in T€	Total carrying amount as at 31/12	Loans and receivables	Held for trading purposes	Available for sale	Liabilities at amortised cost	Carrying amount of financial instruments as at 31/12	Not a financial instrument	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial assets/liabilities measured at fair value										
Non-current assets										
Financial investments	1,521.5	0.0	0.0	1,521.5	0.0	1,521.5	0.0	1,521.5	0.0	0.0
Current assets										
Other receivables from third parties	22.2	0.0	22.2	0.0	0.0	22.2	0.0	0.0	22.2	0.0
Current liabilities										
Other liabilities	306.9	0.0	306.9	0.0	0.0	306.9	0.0	0.0	306.9	0.0
Financial assets/liabilities not measured at fair value										
Non-current assets										
Financial investments	2,105.4	0.0	0.0	2,105.4	0.0	2,105.4	0.0			
Other receivables from third parties	1,665.6	1,665.6	0.0	0.0	0.0	1,665.6	0.0			
Current assets										
Trade receivables	78,453.4	78,453.4	0.0	0.0	0.0	78,453.4	0.0			
Other receivables from third parties	9,080.7	4,778.5	0.0	0.0	0.0	4,778.5	4,302.2			
Cash and cash equivalents	91,531.0	91,531.0	0.0	0.0	0.0	91,531.0	0.0			
Non-current liabilities										
Interest-bearing financial liabilities	83,903.9	0.0	0.0	0.0	83,903.9	83,903.9	0.0			
Other liabilities	499.7	0.0	0.0	0.0	499.7	499.7	0.0			
Current liabilities										
Interest-bearing financial liabilities	16,941.3	0.0	0.0	0.0	16,941.3	16,941.3	0.0			
Trade payables	38,439.3	0.0	0.0	0.0	38,439.3	38,439.3	0.0			
Other liabilities	51,645.9	0.0	0.0	0.0	9,233.2	9,233.2	42,412.7			

As at 31 December 2015, there was no material offset of financial assets and financial liabilities – as was the case in the previous year.

2014 in T€	Total carrying amount as at 31/12	Loans and receivables	Held for trading purposes	Available for sale	Liabilities at amortised cost	Carrying amount of financial instruments as at 31/12	Not a financial instrument	Fair value		
								Level 1	Level 2	Level 3
Financial assets/liabilities measured at fair value										
Non-current assets										
Financial investments	1,310.7	0.0	0.0	1,310.7	0.0	1,310.7	0.0	1,310.7	0.0	0,0
Current assets										
Other receivables from third parties	75.9	0.0	75.9	0.0	0.0	75.9	0.0	0.0	75.9	0,0
Current liabilities										
Other liabilities	18.5	0.0	18.5	0.0	0.0	18.5	0.0	0.0	18.5	0,0
Financial assets/liabilities not measured at fair value										
Non-current assets										
Financial investments	2,319.7	0.0	0.0	2,319.7	0.0	2,319.7	0.0			
Other receivables from third parties	507.7	507.7	0.0	0.0	0.0	507.7	0.0			
Current assets										
Trade receivables	63,198.3	63,198.3	0.0	0.0	0.0	63,198.3	0.0			
Other receivables from third parties	7,637.7	4,080.6		0.0	0.0	4,080.6	3,557.2			
Cash and cash equivalents	70,090.8	70,090.8	0.0	0.0	0.0	70,090.8	0.0			
Non-current liabilities										
Interest-bearing financial liabilities	76,537.6	0.0	0.0	0.0	76,537.6	76,537.6	0.0			
Other liabilities	691.6	0.0	0.0	0.0	691.6	691.6	0.0			
Current liabilities										
Interest-bearing financial liabilities	8,483.0	0.0	0.0	0.0	8,483.0	8,483.0	0.0			
Trade payables	38,885.4	0.0	0.0	0.0	38,885.4	38,885.4	0.0			
Other liabilities	43,013.4	0.0	0.0	0.0	9,918.9	9,918.9	33,094.5			

Financial assets and liabilities measured at fair value

Financial investments designated Level 1 (see Note 11) include listed shares and fund units – as in the previous year. Other receivables (see Note 14) and other liabilities (see Note 22) designated Level 2 result from the measurement of outstanding derivative foreign exchange transactions – as in the previous year. Fair value was determined using bank valuations on the basis of the futures rates as at the balance sheet date (interbank middle rate prices).

In 2015, as in the previous year, there were no changes between Level 1 and Level 2 and vice-versa. There was no change in the accounting policy.

Financial assets and liabilities not measured at fair value

The fair value of financial instruments that are not measured at fair value essentially reflects the carrying amounts as at the balance sheet date of 31 December 2015 – as in the previous year. An exception is interest-bearing financial liabilities, whose fair value as at 31 December 2015 amounts to T€101,510.4 (carrying amount T€100,845.2). In the previous year, the fair value of interest-bearing financial liabilities amounted to T€85,290.0 (carrying amount T€85,020.6). The fair value of the interest-bearing financial liabilities is classified as Level 3. This was determined on the basis of comparable bank offers – as was the case in the previous year. The creditworthiness of the BWT Group has not changed significantly and thus has no influence on the fair value calculation.

Capital management

The primary objective of capital management in the Group is to make sure that it maintains a high credit rating and high equity ratio to support its business activities. The Management Board's objective is to maintain the equity ratio above 35%. Moreover, net debt and gearing in particular are monitored on a regular basis, the aim being to maintain gearing below 50% for the current Group structure. Capital management is checked regularly to determine if it needs to be adjusted to current developments. As at 31 December 2015, the BWT Group still reported a high equity ratio of 40.4% (previous year: 41.9%) and gearing of 5.1% (previous year: 8.7%).

Net debt

Net debt (gearing) at the end of the year was as follows

	31/12/2015 T€	31/12/2014 T€
Interest-bearing financial liabilities	100,845.2	85,020.6
less cash and cash equivalents	–91,531.0	–70,090.8
Net debt	9,314.2	14,929.8
Equity	183,265.1	170,870.6
Net debt in relation to equity (gearing)	5.1%	8.7%

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

	Currency	31/12/2015 Nominal amount in thousand	31/12/2015 Market value T€	31/12/2014 Nominal amount in thousand	31/12/2014 Market value T€
Purchase of USD futures against EUR	TUSD	2,680.0	22.3	1,970.0	50.9
Purchase of RUB futures against EUR	TRUB	255,000.0	–306.9	0.0	0.0
Sale of SEK futures against EUR	TSEK	–859.4	–0.1	0.0	0.0
Purchase of CHF futures against EUR	TCHF	0.0	0.0	7,800.0	25.0
Sale of CHF futures against EUR	TCHF	0.0	0.0	–5,806.0	–18.5

The remaining terms of the currency futures contracts are all less than one year. The carrying amounts of the financial assets correspond to the maximal loss risk at the balance sheet date. The market values of all currency futures contracts were recorded in net income as other current receivables or other liabilities. Hedge accounting is not used.

NOTE 27: Disclosures on associates and related parties

In 2015, the BWT Group received materials and services from associates totalling T€3,219.2 (previous year: T€2,790.1) and provided associates with materials and services amounting to T€87.4 (previous year: T€168.7). As at the balance sheet date of 31 December 2015 – as in the previous year – the BWT Group had no receivables from associates and its liabilities to associates amounted to T€266.0 (previous year: T€220.1).

In 2015, the BWT Group received materials and services from other related parties totalling T€2,293.2 (previous year: T€1,587.0) and provided other related parties with materials and services amounting to T€6,639.2 (previous year: T€5,934.6). As at the balance sheet date of 31 December 2015, the BWT Group's receivables from other related parties amounted to T€532.0 (previous year: T€301.5) and its liabilities amounted to T€279.9 (previous year: T€338.1).

Transactions with associates and other affiliated companies and persons were carried out on normal regular market terms.

Total remuneration of Management Board members at BWT AG mainly consisted of short-term benefits and amounted in the financial year to T€898.5 (previous year: T€735.9). No payments were made to former members of the Management Board or to the survivors of such former members.

Material events after the balance sheet date

No other reportable events occurred after the balance sheet date.

Information on corporate bodies

Members of the Supervisory Board received compensation for their activities in the 2015 financial year of T€60.0 (previous year: T€60.0). In addition, travel costs were also reimbursed. There are no loans or credit guarantees granted to Management Board or Supervisory Board members.

The following persons were appointed as members of the Management Board in the 2015 financial year:

- Mr Andreas Weissenbacher (CEO)
- Mr Gerhard Speigner

The Supervisory Board consisted of the following members in the 2015 financial year:

- Dr Leopold Bednar (Chairman)
- Dr Wolfgang Hochsteger (Vice-Chairman)
- Dipl VW Ekkehard Reicher
- Ms Gerda Egger
- Dr Helmut Schützeneder

Earnings per share

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

	2015	2014
Annual earnings in T€ attributable to shareholders of the parent company	10,516.1	10,152.2
Weighted number of shares in circulation	16,760,082	16,760,082
Earnings per share in €	0.63	0.61

Proposal for profit distribution
Pursuant to the provisions of the Austrian Stock Corporation Act (Aktiengesetz), the separate financial statements of BWT AG as at 31 December 2015, drawn up in accordance with Austrian accounting regulations, provide the basis for the payment of dividends.

The Management Board proposes the following profit distribution to the next Ordinary Annual General Meeting:

a) A dividend payment of €0.28 per share for outstanding shares.
b) Carrying forward the remaining amount to the new financial year.

The consolidated financial statements as at 31 December 2015, drawn up in accordance with IFRS as applicable in the EU, were approved by the Management Board on 25 February 2016.

Mondsee, 25 February 2016

Andreas Weissenbacher
Chief Executive Officer

Gerhard Speigner
Chief Financial Officer

Overview of the participations (appendix V.1.)

As at 31 December 2015, the scope of consolidation comprises the following companies:

Abbreviation	Company, location	Total in %	Indirectly in %	via	Consolidation
BWT AG	BWT Aktiengesellschaft, Mondsee				
BWT Hold	BWT Holding AG, Mondsee	100.0%			F
BWT AT	BWT Austria GmbH, Mondsee	100.0%			F
W+M AT	BWT water + more GmbH, Mondsee	100.0%			F
BWT Barrier Hold	BWT BARRIER Holding GmbH, Mondsee	51.0%			F
BWT Barrier EU	BWT BARRIER Europe GmbH, Mondsee	63.7%	26.0%	BWT AG	F
			74.0%	BWT Barrier Hold	
BWT Pool AT	BWT Pool & Water Technology GmbH, Mondsee	100.0%			F
AS Bet	Aqua Service Beteiligungen GmbH, Mondsee	100.0%			F
BWT GS	BWT Group Services GmbH, Mondsee	100.0%	100.0%	AS Bet	F
Arcana	Arcana Pool Systems GmbH, Gerasdorf	100.0%			F
Manufactur	Manufactur für Glas und Spiegel GmbH, Mondsee	100.0%	100.0%	BWT AT	F
PLS Hold	P & LS Holding GmbH, Mondsee	100.0%			F
BWT MT Hold	BWT Malta Limited, Msida	100.0%	100.0%	BWT GS	F
BWT DE	BWT Wassertechnik GmbH, Schriesheim	100.0%			F
Fuma Tech	FUMATECH BWT GmbH (vormals: FuMa-Tech GmbH), Bietigheim-Bissingen	94.5%	94.5%	BWT DE	F
W+M DE	BWT water + more Deutschland GmbH, Wiesbaden	100.0%	100.0%	BWT DE	F
BWT Barrier DE	Barrier Water Filters GmbH, Berlin	51.0%	100.0%	BWT Barrier Hold	F
hobbypool	hobby-pool technologies GmbH, Großzöberitz	100.0%	100.0%	BWT DE	F
Pharma DE	BWT Pharma & Biotech GmbH, Bietigheim-Bissingen	100.0%	100.0%	PLS Hold	F
BWT FR	BWT France S.A.S., St. Denis	100.0%			F
BWT BE	BWT Belgium nv/sa, Zaventem	100.0%	100.0%	BWT DE	F
BWT NL	BWT Nederland BV, Zoeterwoude	100.0%			F
BWT UK	BWT UK Limited, High Wycombe	100.0%			F
BWT DK	BWT HOH A/S, Greve	100.0%			F
BWT SC	BWT (Seychelles) Limited, Victoria	100.0%	99.0%	BWT DK	F
			1.0%	BWT SE	F
HOH SC	HOH Seychelles Desalination Company Limited, Victoria	50.0%	50.0%	BWT DK	F
BWT SE	BWT Vattenteknik AB, Malmö	100.0%	100.0%	BWT DK	F
BWT NO	BWT Birger Christensen AS, Asker	100.0%	100.0%	BWT DK	F
BWT FI	BWT Separtec OY, Raisio	100.0%	100.0%	BWT DK	F
Pharma SE	BWT Pharma & Biotech AB, Malmö	100.0%	100.0%	PLS Hold	F
CCI	Cillichemie Italiana S.R.L., Mailand	100.0%			F
W+M IT	BWT WATER & MORE ITALIA S.R.L., Bergamo	100.0%	99.8%	W+M DE	F
			0.2%	CCI	
Easy Aqua IT	Easy Aqua Italia Srl, Mailand	100.0%	100.0%	BWT NL	F
BWT ES	BEST WATER TECHNOLOGY Ibérica S.A. (vormals: Cilit SA), Barcelona	100.0%			F
BWT Aqua	BWT AQUA AG, Aesch	100.0%			F
BWT HU	BWT Hungaria KFT, Budaörs	93.0%			F
Mimo	Mimo Park Kft, Budaörs	74.0%			F
BWT PL	BWT Polska Sp.z.o.o., Warschau	100.0%			F
BWT UA	BWT Ukraine, Kiev	100.0%	100.0%	BWT PL	F
BWT Barrier UA	TOO Barrier-Ukraine, Kiev	63.7%	100.0%	BWT Barrier RU	F
BWT CZ	BWT Ceska Republika s.r.o., Prag	100.0%			F
BWT RU	OOO BWT, Moskau	93.3%			F
BWT Barrier RU	ZAO METTEM-Technologies, Moskau	63.7%	26.0%	BWT AG	F
			74.0%	BWT Barrier Hold	
BWT AS RU	OOO Aquasystems, Moskau	63.7%	100.0%	BWT Barrier RU	F
Meory	OOO Meory, Moskau	19.9%	19.9%	AS Bet	F
Dacron	OOO Dacron, Balashikha	53.0%	84.3%	BWT Barrier Hold	F
			15.8%	BWT Barrier RU	
BWT CN	BWT Water Technology (Shanghai) Co. Ltd., Shanghai	100.0%			F
Pharma CN	Christ Aqua Pharma & Biotech (Shanghai) Ltd., Shanghai	100.0%	100.0%	PLS Hold	F
Alpha	SAS Alpha Industries, Quatre Champs	49.0%	49.0%	BWT FR	E
INET	INET InterEko Technik Spol. sr.o., Vysoká	49.0%	49.0%	hobbypool	E

F = Fully consolidated, E = Equity consolidated

As at 31 December 2014, the scope of consolidation comprises the following companies:

Abbreviation	Company, location	Total in %	Indirectly in %	via	Consoli-dation
BWT AG	BWT Aktiengesellschaft, Mondsee				
BWT AT	BWT Austria GmbH, Mondsee	100.0%			F
W+M AT	BWT water + more GmbH, Mondsee	100.0%			F
BWT Pool AT	BWT Pool & Water Technology GmbH, Mondsee	100.0%			F
AS Bet	Aqua Service Beteiligungen GmbH, Mondsee	100.0%			F
BWT GS	BWT Group Services GmbH, Mondsee	100.0%	100.0%	AS Bet	F
Arcana	Arcana Pool Systems GmbH, Gerasdorf	100.0%			F
Manufactur	Manufactur für Glas und Spiegel GmbH, Mondsee	100.0%	100.0%	BWT AT	F
PLS Hold	P & LS Holding GmbH, Mondsee	100.0%			F
BWT MT Hold	BWT Malta Limited, Msida	100.0%	100.0%	BWT GS	F
BWT DE	BWT Wassertechnik GmbH, Schriesheim	100.0%			F
Fuma Tech	FUMATECH BWT GmbH (vormals: FuMa-Tech GmbH), Bietigheim-Bissingen	100.0%	100.0%	BWT DE	F
W+M DE	BWT water + more Deutschland GmbH, Wiesbaden	100.0%	100.0%	BWT DE	F
hobbypool	hobby-pool technologies GmbH, Großzöberitz	100.0%	100.0%	BWT DE	F
Pharma DE	BWT Pharma & Biotech GmbH, Bietigheim-Bissingen	100.0%	100.0%	PLS Hold	F
BWT FR	BWT France S.A.S., St. Denis	100.0%			F
BWT BE	BWT Belgium nv/sa, Zaventem	100.0%	100.0%	BWT DE	F
BWT NL	BWT Nederland BV, Zoeterwoude	100.0%			F
BWT UK	BWT UK Limited, High Wycombe	100.0%			F
BWT DK	BWT HOH A/S, Greve	100.0%			F
BWT SC	BWT (Seychelles) Limited, Victoria	100.0%	99.0%	BWT DK	F
HOH SC	HOH Seychelles Desalination Company Limited, Victoria	50.0%	50.0%	BWT DK	F
BWT SE	BWT Vattenteknik AB, Malmö	100.0%	100.0%	BWT DK	F
BWT NO	BWT Birger Christensen AS, Asker	100.0%	100.0%	BWT DK	F
BWT FI	BWT Separtec OY, Raisio	100.0%	100.0%	BWT DK	F
Pharma SE	BWT Pharma & Biotech AB, Malmö	100.0%	100.0%	PLS Hold	F
CCI	Cillichemie Italiana S.R.L., Mailand	100.0%			F
W+M IT	BWT WATER & MORE ITALIA S.R.L., Bergamo	100.0%	99.8%	W+M DE	F
			0.2%	CCI	
BWT ES	BEST WATER TECHNOLOGY Ibérica S.A. (vormals: Cilit SA), Barcelona	100.0%			F
BWT Aqua	BWT AQUA AG, Aesch	100.0%			F
BWT HU	BWT Hungaria KFT, Budaörs	93.0%			F
Mimo	Mimo Park Kft, Budaörs	74.0%			F
BWT PL	BWT Polska Sp.z.o.o., Warschau	100.0%			F
BWT UA	BWT Ukraine, Kiev	100.0%	100.0%	BWT PL	F
BWT CZ	BWT Ceska Republika s.r.o., Prag	100.0%			F
BWT RU	OOO BWT, Moskau	93.3%			F
BWT CN	BWT Water Technology (Shanghai) Co. Ltd., Shanghai	100.0%			F
Pharma CN	Christ Aqua Pharma & Biotech (Shanghai) Ltd., Shanghai	100.0%	100.0%	PLS Hold	F
Alpha	SAS Alpha Industries, Quatre Champs	49.0%	49.0%	BWT FR	E
BWT Int Trad	BWT International Trading Ltd., Msida	100.0%	100.0%	BWT MT Hold	F
W+M ES	BWT Water and More Iberica S.L., Barcelona	100.0%			F

F = Fully consolidated, E = Equity consolidated

Development of fixed assets (Appendix V.2.)

2015 in T€	ACQUISITION/PRODUCTION COST								
	1.1.2015	Exchange rate difference	Reclassi-fication	Reclassifi-cation in accordance with IFRS 5	Company additions	Additions	Disposals	Company disposals	31.12.15
Intangible assets	81,754.8	372.7	67.2	0.0	2,987.6	2,469.6	20,707.9	0.0	66,943.9
Goodwill	31,910.6	0.0	0.0	0.0	2,987.3	0.0	12,448.5	0.0	22,449.5
Other intangible assets	49,844.2	372.7	67.2	0.0	0.3	2,469.6	8,259.4	0.0	44,494.4
Concessions, rights, licenses	35,270.2	345.3	67.2	0.0	0.3	843.1	1,288.9	0.0	35,237.1
Development costs	14,574.0	27.4	0.0	0.0	0.0	454.2	6,970.5	0.0	8,085.1
Advance payments	0.0	0.0	0.0	0.0	0.0	1,172.2	0.0	0.0	1,172.2
Property, plant and equipment	226,825.8	2,777.7	–67.1	–2,365.1	7,984.6	11,974.9	7,121.0	0.0	240,009.8
Land and Buildings	132,339.0	1,969.5	409.4	–2,365.1	5,070.9	1,728.2	212.1	0.0	138,939.8
Land	22,400.7	774.7	0.0	–737.1	1,146.5	0.0	9.5	0.0	23,575.4
Buildings	109,938.3	1,194.7	409.4	–1,628.0	3,924.4	1,728.2	202.6	0.0	115,364.4
Technical equipment and machinery	40,794.2	–62.3	2,365.8	0.0	2,169.0	3,646.9	1,829.1	0.0	47,084.5
Factory and office equipment	46,997.8	932.9	369.8	0.0	244.2	5,045.8	5,072.0	0.0	48,518.4
Advance payments and assets under development	6,694.8	–62.3	–3,212.2	0.0	500.6	1,554.0	7.7	0.0	5,467.1
Investment property (IAS 40)	1,594.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,594.1
Total	310,174.7	3,150.3	0.0	–2,365.1	10,972.2	14,444.4	27,828.9	0.0	308,547.7

2014 in T€	ACQUISITION/PRODUCTION COST								
	1.1.2014	Exchange rate difference	Reclassi-fication	Reclassifi-cation in accordance with IFRS 5	Company addi-tions*)	Additions	Disposals	Company disposals	31.12.14
Intangible assets	84,936.7	69.7	569.7	0.0	406.1	958.5	4,973.3	212.6	81,754.8
Goodwill	31,910.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31,910.6
Other intangible assets	53,026.1	69.7	569.7	0.0	406.1	958.5	4,973.3	212.6	49,844.2
Concessions, rights, licenses	38,409.1	64.6	569.7	0.0	406.1	665.9	4,632.6	212.6	35,270.2
Development costs	14,617.0	5.1	0.0	0.0	0.0	292.6	340.7	0.0	14,574.0
Property, plant and equipment	216,649.3	724.4	–569.7	0.0	909.0	20,880.5	3,069.4	8,698.3	226,825.8
Land and Buildings	92,404.4	517.8	32,905.4	0.0	0.0	6,965.5	146.2	307.9	132,339.0
Land	22,181.6	168.1	48.3	0.0	0.0	21.9	19.1	0.0	22,400.7
Buildings	70,222.8	349.8	32,857.1	0.0	0.0	6,943.6	127.1	307.9	109,938.3
Technical equipment and machinery	44,674.3	71.7	305.5	0.0	909.0	2,548.8	330.4	7,384.8	40,794.2
Factory and office equipment	37,845.4	136.6	7,580.7	0.0	0.0	5,033.6	2,592.7	1,005.7	46,997.8
Advance payments and assets under development	41,725.2	–1.8	–41,361.3	0.0	0.0	6,332.7	0.0		6,694.8
Investment property (IAS 40)	1,594.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,594.1
Total	303,180.0	794.1	0.0	0.0	1,315.1	21,839.0	8,042.7	8,910.9	310,174.7

*) Thereof additions of technical equipment and machinery as part of the first-time inclusion of HOH Seychelles Desalination Company Limited, V

AMORTIZATION/DEPRECIATION									CARRYING AMOUNTS	
1.1.2015	Exchange rate difference	Reclassification in accordance with IFRS 5	Company additions	Additions	Depreciations	Disposals	Company disposals	31.12.15	31.12.15	31.12.14
46,394.0	260.4	0.0	0.0	3,052.5	10,140.7	20,656.6	0.0	39,191.0	27,752.9	35,360.8
7,122.8	0.0	0.0	0.0	0.0	9,098.5	12,448.5	0.0	3,772.8	18,676.7	24,787.8
39,271.2	260.4	0.0	0.0	3,052.5	1,042.2	8,208.1	0.0	35,418.2	9,076.2	10,573.0
26,739.2	233.0	0.0	0.0	2,320.7	1,042.2	1,237.6	0.0	29,097.6	6,139.5	8,531.0
12,532.0	27.4	0.0	0.0	731.7	0.0	6,970.5	0.0	6,320.6	1,764.5	2,042.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,172.2	0.0
93,304.6	1,375.8	–426.0	0.0	12,209.0	4,133.5	7,005.4	0.0	103,591.5	136,418.3	133,521.2
34,254.9	484.9	–426.0	0.0	3,799.6	1,257.5	161.8	0.0	39,209.0	99,730.8	98,084.1
0.0	0.0	0.0	0.0	0.0	100.9	0.0	0.0	100.9	23,474.5	22,400.7
34,254.9	484.9	–426.0	0.0	3,799.6	1,156.5	161.8	0.0	39,108.1	76,256.4	75,683.4
30,037.4	177.4	0.0	0.0	2,994.4	2,876.0	1,856.9	0.0	34,228.2	12,856.2	10,756.8
29,012.3	713.4	0.0	0.0	5,415.1	0.0	4,986.7	0.0	30,154.2	18,364.1	17,985.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,467.1	6,694.8
671.4	0.0	0.0	0.0	47.4	87.5	0.0	0.0	806.3	787.8	922.7
140,370.0	1,636.2	–426.0	0.0	15,308.9	14,361.6	27,661.9	0.0	143,588.7	164,959.0	169,804.7

AMORTIZATION/DEPRECIATION									CARRYING AMOUNTS	
1.1.2014	Exchange rate difference	Reclassification in accordance with IFRS 5	Company additions*)	Additions	Depreciations	Disposals	Company disposals	31.12.14	31.12.14	31.12.13
43,815.4	55.1	0.0	0.0	3,675.2	4,008.5	4,973.3	186.9	46,394.0	35,360.8	41,121.3
4,562.0	0.0	0.0	0.0	0.0	2,560.7	0.0	0.0	7,122.8	24,787.8	27,348.6
39,253.4	55.1	0.0	0.0	3,675.2	1,447.7	4,973.3	186.9	39,271.2	10,573.0	13,772.7
27,281.4	50.0	0.0	0.0	2,779.0	1,447.7	4,632.0	186.9	26,739.2	8,531.0	11,127.7
11,972.0	5.1	0.0	0.0	896.3	0.0	341.3	0.0	12,532.0	2,042.0	2,645.1
89,199.9	343.6	0.0	608.7	11,706.8	491.1	2,848.1	6,197.5	93,304.6	133,521.2	127,449.3
30,582.6	126.5	0.0	0.0	3,687.0	181.1	82.7	239.6	34,254.9	98,084.1	61,821.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22,400.7	22,181.6
30,582.6	126.5	0.0	0.0	3,687.0	181.1	82.7	239.6	34,254.9	75,683.4	39,640.2
31,417.7	57.0	0.0	608.7	2,909.5	310.0	257.5	5,008.0	30,037.4	10,756.8	13,256.6
27,199.6	160.0	0.0	0.0	5,110.4	0.0	2,507.9	949.9	29,012.3	17,985.5	10,645.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,694.8	41,725.2
624.0	0.0	0.0	0.0	47.4	0.0	0.0	0.0	671.4	922.7	970.1
133,639.3	398.7	0.0	608.7	15,429.4	4,499.6	7,821.4	6,384.4	140,370.0	169,804.7	169,540.7

Victoria: amortised cost T€833.8 / deprecation T€608.7.

Statement of all Legal Representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report 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 group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report 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, am 25th February 2016

Andreas Weissenbacher	Gerhard Speigner
Chief Executive Officer, responsible for the operating business and the departments Research & Development, Purchasing, Human Resources, Marketing and Investor & Public Relations.	Chief Financial Officer, responsible for the departments Finance & Controlling, Treasury, Information Technology, Law, Taxes and Risk Management.

AUDITOR'S REPORT (TRANSLATION) *)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of BWT Aktiengesellschaft, Mondsee, for the fiscal year from January 1, 2015 to December 31, 2015. These consolidated financial statements com-prise the consolidated balance sheet as of December 31, 2015, the consolidated income statement, the consoli-dated statement of comprehensive income, the consolidated cash flow statement and the consolidated state-ment of changes in equity for the fiscal year ended December 31, 2015, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This re-sponsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's prepa-ration and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presenta-tion of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2015 and of its financial performance and its cash flows for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is con-sistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the dis-closures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Linz, 25 February 2016

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Erich Lehner mp
Certified Auditor

ppa DI (FH) Hans Seidel mp
Certified Auditor

*) This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the au-dited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

SUPERVISORY BOARD REPORT

During the 2015 reporting year, the Supervisory Board of BWT Aktiengesellschaft performed the duties required of it under statutory provisions and the Company's statute. The Supervisory Board did not establish any other committees except for the Audit Committee. All tasks are performed by the Supervisory Board as a whole.

In 2015, the Supervisory Board held four ordinary meetings and two extraordinary meetings, with an overall attendance rate of 87%, at which it informed itself of the business position and plans of the BWT Group, and discussed and took decisions on company strategy and items of business requiring approval as per the Management Rules of Procedure. Close coordination between the Supervisory Board, the Management Board and the auditors was also secured by a verbal and written exchange of information.

The Audit Committee held two meetings in 2015. At the meeting in March 2015, the separate financial statements of BWT Aktiengesellschaft in accordance with the Austrian Commercial Code and the consolidated financial statements of the BWT Group for the 2014 financial year in accordance with IFRS were analysed in detail in conjunction with the auditors and the Management Board. The auditors also presented the results of their audit. The Audit Committee resolved to recommended approval by the Supervisory Board of the annual financial statements of BWT Aktiengesellschaft and the BWT Group for 2014, which were presented to it, as well as the Management Board proposal on the appropriation of net profit. At the Audit Committee meeting held in August 2015, the scope, timetable and priorities for the 2015 annual audit were discussed and fixed.

At the two extraordinary meetings in June and July 2015, the Supervisory Board performed at length the duties required of it by law to prepare an Annual General Meeting resolution on the merger of BWT Aktiengesellschaft with its subsidiary BWT Holding AG, which was drafted at the request of the shareholder FIBA Beteiligungs- und Anlage GmbH. Its primary duties were to examine the planned merger and provide an examination report of the Supervisory Board pursuant to Section 220c Aktiengesetz (Stock Corporation Act).

During the course of its four ordinary meetings in 2015, in addition to the ongoing monitoring of business development, the risk situation, and the results and business indicators within the Group, the Supervisory Board also dealt with preparations for the Annual General Meeting, the implementation of the "Mettem Technologies, Russia" acquisition project, various capital and reorganisation measures throughout the Group, and the extension of Management Board mandates. The auditing and approval of the BWT Group's budget for 2016 as well as reports on the state of proceedings in connection with the aforementioned merger of BWT Aktiengesellschaft with BWT Holding AG were high on the agenda at the meeting in December 2015.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Linz, the auditors appointed on 25 August 2015 at the 25th Ordinary Annual General Meeting, audited the annual financial statements, including the management report of BWT Aktiengesellschaft as at 31 December 2015, as well as the consolidated financial statements, and issued the following opinion based on that audit:

a) Separate financial statements: "Our audit did not give rise to any objections. In our assessment, on the basis of findings obtained during the audit, the annual financial statements comply with the statutory regulations and provide a true and fair picture of the Company's net assets and financial position as at 31 December 2015, as well as the Company's results of operations for the financial year from 1 January 2015 to 31 December 2015, in accordance with the Austrian principles of adequate and orderly accounting."
"In our opinion, the management report is congruent with the annual financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate."

b) Consolidated financial statements: "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 picture of the Group's net assets and financial position as at 31 December 2015, as well as the Group's results of operations and cash flows for the financial year from 1 January 2015 to 31 December 2015, in accordance with the International Financial Reporting Standards (IFRSs) applicable in the EU."
"In our opinion, the Group's management report is congruent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate."

The separate financial statements of BWT Aktiengesellschaft as well as the consolidated financial statements for the 2015 reporting year, including the Corporate Governance Report pursuant to Section 243b UGB (Austrian Commercial Code), were submitted to all members of the Audit Committee and the Supervisory Board for their examination immediately after completion of the audit. The results were analysed in detail at a meeting held in conjunction with the auditors and the Management Board.

The Supervisory Board approves the annual financial statements of BWT Aktiengesellschaft, as well as the consolidated financial statements as at 31 December 2015, including the Corporate Governance Report, drawn up by the Management Board and accepted by the Audit Committee. The financial statements are therefore adopted in accordance with Section 96 (4) Aktiengesetz (Stock Corporation Act). At the present meeting of the Supervisory Board, the Management Board proposal on the appropriation of net profit was discussed, and the Management Board and Supervisory Board unanimously resolved to submit a proposal for a dividend payment of €0.20 per share at the Annual General Meeting.

Vienna, 8 March 2016

Dr. Leopold BEDNAR
Chairman of the Supervisory Board

Financial definitions

Book value per share	Equity per share
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
Depreciation	Depreciation and amortisation for fixed assets considered in the income statement (profit and loss account)
EBT	Earnings Before Taxes
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
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; consolidated net earnings after minority interests divided by the weighted number of shares minus own shares
Equity method	Group accounting policy for interests for which the Group has a significant influence over their financial and operating policies.
Forward exchange transaction	Currency transaction, where the fulfilment takes place not immediately after transaction, but at a later time; for hedging changes in currency exchange rates
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
IFRS	International Financial Reporting Standards
Market capitalisation	The number of shares multiplied by the share price.
Net debt	Balance from financial liabilities minus liquid assets; opposite: net cash
NOPAT	Net Operating Profit After Tax
Operating cash flow	Operating cash flow is a flow of funds that generates cash inflow from business operations within a period.
P/E	Price-earnings ratio; measure for the valuation of a share on the equity market
Profit-turnover ratio	Result after taxes in relation to turnover
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
Tax accruals/deferrals	Temporally deviating estimated values in IFRS accounting and tax accounting of the subsidiaries and from consolidation procedures
Treasury	Company function for securing the financing, the financial risk and cash management (see there) of the company

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 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. The new BWT Mg^{2+} technology replaces Sodium with Magnesium and improves the taste.
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 the alkaline earth metal calcium, 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	Chemical reactions which develop when metalic 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.
Corrosion	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".
Legionella	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.
Membranes	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.
Microfiltration	Is a special membrane separation process which retains particles from the size of ca. 1 nanometre (1 nm).
Nanofiltration	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.
Oxidation	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.
Ozone	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.
pH-value	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.
Process water	Ultrapure water: Highly purified water used, for example, in pharmaceutical applications. According to the European Pharmacopeia, this water must have an electrical conductivity (mass of dissolved salts) of less than 1.1μS/ cm. The manufacturing processes of reverse osmosis and distillation are used.
Ultrapure 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).
Pure 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.
Drinking water	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.
Ultrafiltration	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%.
Reverse osmosis	Ultraviolet (UV) radiation is a short-wave, energy-rich, electromagnetic radiation unvisible for the human eye which is used for disinfection in drinking water treatment.
UV irradiation	Ultraviolette (UV) Strahlung ist eine kurzwellige, energiereiche, elektromagnetische Strahlung, die für das menschliche Auge unsichtbar ist und in der Trinkwasseraufbereitung zur Desinfektion eingesetzt wird.

BWT Group Locations

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