Success based on trust

Fiscal 2007/2008 Annual Report



Fiscal 2007/2008 at a glance ›››

Fiscal 2007/2008 at a glance

Engineering services remain a challenging market characterised by good opportunities for growth which performed in line with our expectations in fiscal 2007/2008. The automotive industry faces the challenge of developing and implementing new technologies with minimum delay in order to respond to heightened customer expectations with respect to vehicle communications, safety and comfort as well as the need for more environment-friendly powertrain systems achieving optimised fuel consumption. The engineering requirements to meet these demands remain high.

Bertrandt benefited from this trend and continued to grow in fiscal 2007/2008 thanks to the Group's strategic orientation, which combines a customer and branch-oriented approach to the market with the establishment of Group-wide divisions in a matrix organisation. The key factors underpinning this are greater project volumes in the operating units, ongoing optimisation of capacity utilisation together with concerted cost management and efficiency-enhancement programmes.

Revenues came to EUR 434.216 million, an increase of 27.9 percent over the previous year (EUR 339.528 million). All divisions – Digital Engineering, Physical Engineering and Electrical Systems/Electronics – contributed to the Bertrandt Group's growth. In the year under review, operating earnings rose by a substantial EUR 19.006 million to EUR 51.312 million (previous year EUR 32.306 million), while profit after tax came to EUR 36.181 million (previous year EUR 22.212 million). Free cash flow rose to EUR 26.537 million (previous year EUR 21.168 million) despite the increase in capital spending. With an equity ratio of 45.9 percent (previous year 44.3 percent), Bertrandt is among the best-funded companies in the automotive sector.

Group-wide, Bertrandt employed 6,080 people on 30 September 2008 (4,708 on the same date one year earlier). We are continuing to recruit specially trained engineers as well qualified junior management staff in the conventional body shell and interior segments as well as in the growth areas of electronics, supporting services, powertrains and testing.

Bertrandt offers diverse services along the mobility value chain. With the establishment of Bertrandt Aeroconseil GmbH, a joint venture between Bertrandt and Aeroconseil, the foundations were also laid for successful extensions to aircraft activities in the year under review. Despite the current difficult economic conditions, Bertrandt sees good opportunities for further extending its market position as a strategic partner to the automotive and aircraft industries.

EUR million	2007/2008	2006/2007
Revenues	434.216	339.528
Operating profit	51.312	32.306
Profit from ordinary activity	51.991	32.580
Earnings after income tax	36.181	22.212
Cash flows from operating activities	48.710	36.242
Cash flows from investing activities	-22.173	-15.074
Free cash flow	26.537	21.168
Capital spending	22.945	15.399
Capital and reserves	105.366	77.561
Equity ratio (%)	45.9	44.3
Total assets	229.385	174.995
Earnings per share (EUR)	3.57	2.20
Cash dividend per share (EUR)	1.40	0.80
Share price on 30 September (EUR)*	20.38	22.98
Share price, high (EUR)**	30.00	30.10
Share price, low (EUR)**	20.00	10.74
Shares outstanding on 30 September	10,143,240	10,143,240
Free float (%)	40.00	39.98
Market capitalisation on 30 September	206.7	233.1
Number of employees at Bertrandt Group on 30 September	6,080	4,708

* Closing price in Xetra trading
** In Xetra trading

bertrandt

Success based on trust

A leading provider of engineering services, Bertrandt has been synonymous with high quality and long-term partnerships for decades. In addition to judicious extensions to its range of services and ongoing staff training, Bertrandt materially owes its success to trust – both inside and outside the Company.

Business was favourable up once again in fiscal 2007/2008, with key financials such as revenues, EBIT and net income substantially outperforming the previous year. Staff numbers were also steadily increased and now exceed 6,000 people.

Bertrandt continues to face a bright future despite the difficult underlying conditions. The Company has plentiful financial resources and offers the right range of services to continue growing with its customers and acting on key trends and developments in the automotive and aircraft industries.

Growth through performance – success based on trust.

Contents

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Letter to the shareholders

Bertrandt attaches key importance to achieving solid business performance and to unlocking above-average value across all divisions.

The business model seeks to support customers in the international automotive and aircraft industries in their efforts to create new-generation models. To this end, it acts on current trends to come up with solutions of practical relevance.

In doing so, Bertrandt places store by the greatest possible quality and services offering a consistently large benefits to its customers. This inspires trust, which in turn forms the basis for enduring partnerships and long-term success.

Management Board Report

Dietmar Bichler, Chairman of the Management Board

Dear shareholders,

the Bertrandt Group can look back on a very successful fiscal 2007/2008 involving many demanding and challenging projects. On a particularly encouraging note, we were again able to further reinforce and systematically extend Bertrandt's market position. Our growth reflects the confidence our customers place in us, demonstrating that we know their requirements and execute their projects with a high degree of quality and reliability.

The conscientious work of our motivated staff is reflected in our good business performance. Thanks to their strong dedication, we were able to boost revenues and earnings again in fiscal 2007/2008. Thus, revenues came to EUR 434.216 million, an increase of 27.9 percent over the previous year.

In addition, sustained strong capacity utilization and continued effective cost management throughout the entire Bertrandt Group pushed operating profit up to EUR 51.312 million. We would like to take this opportunity to thank all staff for their contribution and look forward to further success in the future.

Systematic extensions to range of products and services

Over the past few years, we have been systematically extending the Bertrandt Group's range of products and services. We offer our customers a comprehensive spectrum of services along the mobility value chain encompassing everything from the engineering of individual components and modules right through to entire vehicle derivatives. Via Bertrandt Aeroconseil GmbH, a joint venture forged by Bertrandt and Aeroconseil, we gained direct access to the EADS Group as suppliers this year, thus creating the basis for further extensions to our aircraft segment. With the establishment of Bertrandt Services GmbH, we are furthermore harnessing additional opportunities for the Group outside the mobility industry.

Technological change: a challenge

The automobile industry faces the challenge of developing and implementing new technologies to provide answers to increasingly more stringent requirements. Differing legislative initiatives around the world, such as the introduction of a maximum CO_2 limit for new cars, are resulting in growing engineering requirements. At the same time, consumers' sustained interest in individual mobility is necessitating steady additions to model ranges.

Trends in favour of greater safety, networked communications, efficient engine models that make minimum use of resources offer further good opportunities for growth in the engineering services segment. Similar trends and requirements are also in evidence in the aircraft industry, with the market calling for economical and environmentally friendly solutions. All our departments and branches are committed to actively supporting our customers in coming up with answers for these pressing questions.

Bertrandt employs more than 6,000 people

We are particularly proud of the fact that the success of the past few years has allowed us to steadily recruit additional staff. As a result, the Bertrandt Group employed more than 6,000 people for the first time in its history as of 30 September 2008. At the same time, the career training programme was extended and 50 school-leavers taken on as trainees.

High standards of quality as well as ongoing changes and pressure to innovate in the engineering industry require unrelenting efforts to enhance employee qualifications. For this reason, a total of EUR 6.2 million was spent on staff training.

Dividend policy and shareholder structure

The Bertrandt Group continues to grow on a solid financial base. At 45.9 percent, the equity ratio remained at an above-average level, while capital spending was funded in full from cash flow. These conditions together with encouraging earnings form the basis for a shareholder-friendly dividend policy. Accordingly, the Management Board and Supervisory Board propose an increase in the payout over last year's figure to EUR 1.40 per dividend-entitled share. This is equivalent to an increase of EUR 0.60 or 75 percent over the previous year. The total proposed payout amounts to EUR 14.2 million.

Ulrich Subklew **Dietmar Bichler**

Bertrandt stands for successful collaboration based on mutual trust

Süd-Kapitalbeteiligungs-Gesellschaft mbH, a subsidiary of Landesbank Baden-Württemberg, acquired a 24.99 percent stake in Bertrandt AG from ThyssenKrupp on 9 September 2008. Accordingly, Bertrandt continues to have a stable shareholder structure.

Heightened model diversity and technological challenges ensure that the engineering market continues to face favourable prospects for future growth and will be able to extend its leading role in Germany thanks to its extensive development skills. Bertrandt is a reliable partner with a sound financial background and, as such, well positioned to make the most of this situation.

Looking forward, we will continue to do everything we can to justify the confidence our customers place in us to an even greater extent, aware as we are that confidence constitutes a crucial element of sustained success.

Yours sincerely,

Dietmar Bichler
Chairman of the Management Board

Highlights of the year

October 2007

“Success Meeting" in Munich
Board members Dietmar Bichler and Ulrich Subklew briefed executive staff on recent developments and the Company’s future strategic alignment. In addition to appraising market conditions, they outlined the growth opportunities for the new EDL Plus activities – commercial and technical services – and presented Bertrandt Services.

November 2007

Active involvement in trade fairs
Successful participation in trade fairs provide a positive market image. In addition to “Aachener Fahrzeug- und Motoren-Kolloquium”, Bertrandt also took part in the VDI “Elektronik im Kfz 2007” forum in Baden-Baden and “Airtec 2007” in Frankfurt.

December 2007

Annual press conference in Stuttgart
CEO Dietmar Bichler presented details of the Company’s favourable business performance in fiscal 2006/2007 to interested representatives of the regional and nationwide press.

Analysts’ conference in Frankfurt
Bertrandt briefed analysts on the financials for fiscal 2006/2007 as well as the future prospects in the market for engineering services.

Annual General Meeting at the Congress Center in Sindelfingen

January 2008

Bertrandt Services
The decision to extend the geographic reach of Bertrandt Services to include all of Germany was implemented with the establishment of three new offices in Heilbronn, Düsseldorf and Hamburg.

February 2008

Annual General meeting
The Management Board and Supervisory Board welcomed around 300 shareholders to the annual general meeting. The dividend for fiscal 2006/2007 was EUR 0.80 (previous year EUR 0.30).

Euroforum conference
At this year’s annual Euroforum conference entitled “Electronic Systems in Automobiles”, Bertrandt presented a device for determining the compatibility of mobile telephones with infotainment systems.

March 2008

Stuttgarter Symposium
“Internationales Stuttgarter Symposium” was devoted to automotive and powertrain technology. Bertrandt also exhibited its range of services at the“Haus der Wirtschaft”.

April 2008

Hanover Fair
Bertrandt Services was present at the Hanover Fair for the first time. This also marked the launch of the nationwide "Success is human" marketing campaign.

Event for contestants at Hockenheimring
At the first "Automotive Days" at Hockenheimring, 50 contestants performed various tasks to demonstrate their electronic and powertrain skills.

May 2008

Capital market day
At the third Capital Market Day, CEO Dietmar Bichler presented the Bertrandt Group's first-half figures to around 50 analysts, bank representatives and journalists. This was followed by addresses by two renowned representatives from the automotive industry Holger P. Härter, the deputy chairman of the management board of Porsche Automobil Holding SE, and Horst Binnig, chairman of the management board of KS Aluminium-Technologie GmbH.

June 2008

Ingolstadt Electronics Centre
The new electronics centre of the Bertrandt Ingolstadt branch pools all skills under a single roof, resulting in a symbiosis of laboratories, workshops, project rooms and development offices. Short routes and swifter communications flows enable electronics specialists to incorporate the full range of expertise in individual disciplines, thus meeting heightened requirements.


Extensions to Wolfsburg facility


Premiere at the IAA Commercial Vehicles Exhibition

July 2008

Extensions to Wolfsburg facility
The testing and cold storage hall in Wolfsburg was extended to meet rising demands in connection with complex projects. The company building was enlarged with the addition of 2,800 square metres of office and hall space as well as a testing track for vehicle quality management. The new hall also accommodates one of the region's largest accredited environmental simulation facilities.

August 2008

Formula Student
In the "Formula Student" design competition, 77 university teams from all around the world submitted their self-developed racing cars to a critical jury. The jury also included two Bertrandt employees, who together with the other members of the jury adjudicated the teams on the basis of an overall package involving design, track performance, budgeting and sales arguments. In addition, Bertrandt provided the teams from FH Braunschweig-Wolfenbüttel, HAW Hamburg and BA Ravensburg/Friedrichshafen with financial support.

September 2008

IAA Commercial Vehicles Exhibition
This year, Bertrandt had its premiere at the mobility fair in Hannover, which had been organised under the motto "Commercial vehicles – travelling for us all". Together with 1,700 other exhibitors from 47 countries, the Company showcased its skills, with specialists and executive staff presenting Bertrandt's range of products and services. Another highlight was an optical traffic sign recognition system to demonstrate Bertrandt's electronic know-how.

The Bertrandt share

Basic information on the Bertrandt share		
IPO in 1996	Issue price	2.7 million shares at EUR 6.65 each
	First day of trading after IPO	1 October 1996 (regulated market)
	Underwriting syndicate	Bayerische Vereinsbank AG, Dresdner Bank AG, Baden-Württembergische Bank AG, Südwest-deutsche Landesbank, Schwäbische Bank AG
2003 listing	Market segment	Prime Segment, Automobile
	First day of trading	24 March 2003
	Price on first day of trading	EUR 16.30
Listed for trading in		Xetra, Frankfurt, Stuttgart, Berlin, Hamburg, Düsseldorf, Munich
Designated sponsors		Bayerische Hypo- und Vereinsbank AG, Landesbank Baden-Württemberg
WKN/ISIN		523280/DE0005232805

Difficult conditions throughout the world

Equity markets around the world have been highly volatile over the past few months. In the course of 2008, the subprime crisis in the United States evolved into a financial crisis of global proportions that precipitated huge losses on equity markets. Towards the end of fiscal 2007/2008 in particular, global stock markets came under enormous pressure as a result of the liquidity problems of individual companies in the financial services sector and the partial nationalisation of these banks. The rescue packages launched by various governments led to only a temporary recovery in the markets. The unforeseeable consequences of the crisis afflicting the financial markets and fears of a global recession kept the markets under pressure.
As a result, the main German indices sustained considerable losses in the course of the fiscal year, with the DAX closing at 5,831 points on 30 September 2008, down from 7,922 points on 1 October 2007. Automotive stocks were unable to shield themselves from this trend and currently face difficult market conditions.

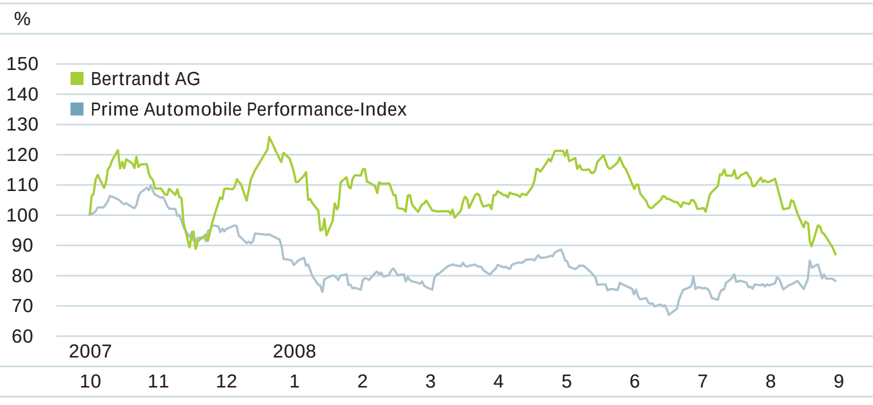
Key data of the Bertrandt share		
	2007/2008	2006/2007
Issued capital on 30 September (EUR)	10,143,240	10,143,240
Number of shares	10,143,240	10,143,240
Market capitalisation on 30 September (EUR)	206,719,231	233,091,655
Share price on 30 September (EUR)*	20.38	22.98
High (EUR)**	30.00	30.10
Low (EUR)**	20.00	10.74
Earnings per share (EUR)	3.57	2.20

* Closing price in Xetra trading ** In Xetra trading

Performance of the Bertrandt share

Spurred by its favourable business performance, Bertrandt stock acquitted itself well over a protracted period of time despite the difficult market conditions. After a substantial increase in the first quarter of fiscal 2007/2008 to EUR 29.50 on 28 December 2007, it hit a high of EUR 30.00 on 2 January 2008. In contrast to the Prime Automobile Performance Index, the stock closed slightly higher than at the beginning of fiscal 2007/2008. After further gains in the fourth quarter, the negative news flow from the capital markets and the automotive industry took its toll on Bertrandt stock despite the Company's favourable business performance. As a result, the share closed at EUR 20.38 on 30 September 2008. Still, with a decline of 13.1 percent for the fiscal year as a whole, Bertrandt's stock substantially outperformed the Prime Automobile Performance Index, which lost 21.8 percent in value during the same period.

Share price comparison

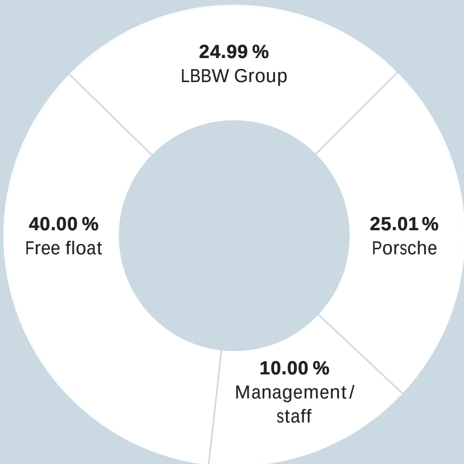


Dividend raised to EUR 1.40

Bertrandt AG paid out a dividend of EUR 0.80 per share for fiscal 2006/2007. In response to the Company's sustained business performance, the Management Board and the Supervisory Board will be asking shareholders to approve a dividend of EUR 1.40 for fiscal 2007/2008 at the annual general meeting on 18 February 2009. In this way, Bertrandt AG will be continuing its attractive dividend policy and allowing shareholders to benefit from its business success.

Stable shareholder structure

Based on the number of invitations to the Annual General Meeting sent out in February 2008, we estimate the total number of shareholders in Germany at around 5,000. In addition, holders of Bertrandt shares include international investors as well as renowned companies. Porsche AG holds a 25.01 percent stake in Bertrandt AG. Süd-Kapitalbeteiligungs-Gesellschaft mbH, a subsidiary of Landesbank Baden-Württemberg, acquired a 24.99 percent stake in Bertrandt AG from ThyssenKrupp on 9 September 2008. Management and staff hold around ten percent. The free float was about 40 percent as at 30 September 2008.



Shareholder breakdown

Coverage by analysts

The Bertrandt share is covered and evaluated by analysts at Bankhaus Metzler, Bankhaus Lampe, HypoVereinsbank, Landesbank Baden-Württemberg and Bankhaus M.M. Warburg & Co. In the course of the fiscal year, analysts adjusted their targets for the Bertrandt share in the light of the figures published in the interim quarterly reports. At present, the forecast target prices range between EUR 27 and EUR 48. Several analysts are currently recommending the share as a Buy.

Close dialogue with capital market participants

A key component of the corporate policy of Bertrandt AG involves comprehensive and immediate capital markets communication targeted at institutional and private investors, analysts as well as the media. Aside from compliance with the stringent transparency requirements tied to inclusion in Deutsche Börse's Prime Standard and nearly all the recommendations of the German Corporate Governance Code, Bertrandt pursues the aim of positioning its share as a long-term investment. Communications focus on describing the Company's business model and strategic thrust as well as explaining the technical and economic background. These subjects are elaborated upon in numerous personal discussions, interviews and presentations. In the course of the financial year Bertrandt AG presented itself to potential or actual institutional investors during several road shows in Germany, Zürich and London. Bertrandt invites the media and representatives of financial institutions to a shared dialog twice a year. In addition to the annual press and analysts' conference in December on the basis of the annual financial statements, the Company holds a capital market day in May to mark the release of the half-year results.

Third capital market day

The third Capital Market Day was held on 8 May 2008. CEO Dietmar Bichler presented the Bertrandt Group's first-half figures to an audience comprising some 50 participants from the banking industry, capital market and the press. This year again, two renowned representatives from the automotive and automotive components industry held addresses. Holger P. Härter, deputy chairman of the management board of Porsche Automobil Holding SE, discussed the strategic partnerships between OEMs and suppliers as a crucial determinant of success in the future. In the second address, Horst Binnig, chairman of the management board of KS Aluminium-Technologie GmbH, provided an insight into market and technological trends in the automobile industry and the resultant opportunities and challenges for automotive component suppliers.

The internet as a communications platform

In addition to the aforementioned events, Bertrandt utilises the Internet as a platform to provide investors and shareholders with information on the Company. At www.bertrandt.com, all annual and interim reports, ad hoc bulletins and press releases are published in German and in English. In addition, information on the Management Board, Supervisory Board, the corporate structure, the business model and current project references is available. The Investor Relations section includes information on key financials, corporate governance, directors' dealing reports and recent company presentations.

Fiscal 2007/2008 saw a continuation of the Group's growth. More information on this can be found in the section entitled "Business Performance", while the "Human Resource Management" section provides an overview of Bertrandt's appeal as an attractive employer and the Group's personnel policy.

One key factor in Bertrandt's success in the year under review was its ability to recruit new staff in a difficult market. As a result, it now has more than 6,000 employees based at 30 different locations.

A further main aspect dealt with in the management report concerns the Group's strategic alignment and range of products and services. The combination of customer-oriented branch facilities and Group-wide cooperation between specialist departments again provided a major competitive edge.

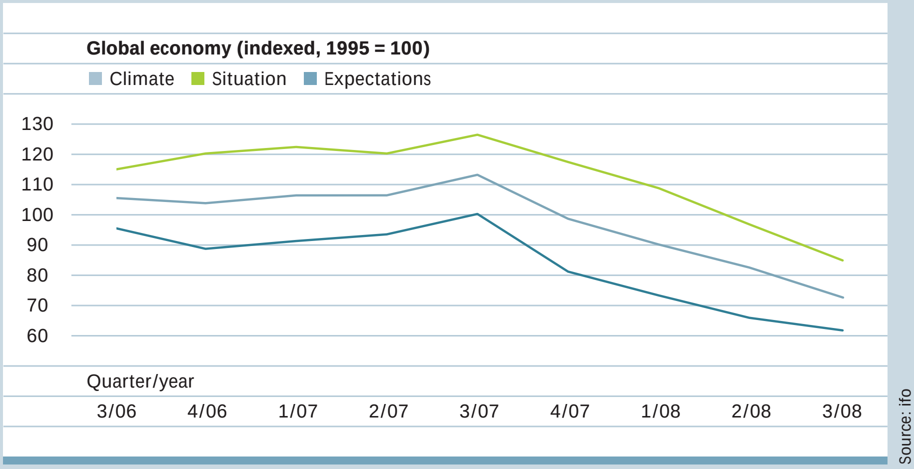

Group management report

Business and general conditions

Business performance

The Institute for the Global Economy in Kiel says that real gross domestic product of the world economy rose by 5.0 percent in 2007. Yet there was a downturn in the final quarter of 2007. The reasons for this were the escalating financial market crisis in the United States, a significant increase in commodity prices as well as the euro's strong appreciation versus the US dollar. Both the European and German economies grew, at rates of 2.6 percent and 2.5 percent respectively, in line with forecasts despite these challenging conditions. The economies in China and some other Asian countries continued to grow strongly.

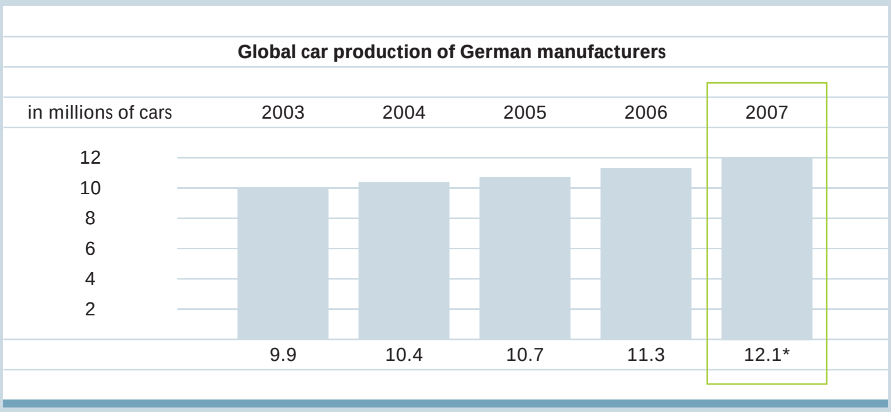
In 2008, however, the global economy lost a significant amount of momentum and growth projections were repeatedly scaled back during the year. The uncertainty about any further fallout from the financial market crisis, its impact on the real economy and the fear of a global recession have together exerted a dampening effect on business. The global business climate index of the ifo (Institut für Wirtschaftsforschung = Institute for Economic Research) likewise reflects this development. The uncertainty is also evident in the volatility on equity and commodity markets. Governments and central banks are currently attempting to calm the markets down and to counteract a looming recession with stability programmes and monetary policy measures. The International Monetary Fund (IMF) presently forecasts growth of 3.7 percent for 2008 as a whole.



The eurozone's 2007 growth in domestic product was, at 2.6 percent, at the previous year's level. Here, too, considerable gloom has been cast over economic forecasts during the course of 2008. The German economy performed robustly in the first half of 2008 and initially managed to detach itself from the general economic weakness. Since mid 2008, however, the ifo business climate index for the German manufacturing sector has steadily deteriorated. The global spread of the financial market crisis onto the German economy is a principal reason for the significantly weaker economic forecast for the whole of 2008.

Trends in the automobile industry

Global automotive production was up again in 2007 with output of about 72 million vehicles. The BRIC countries (Brazil, Russia, India and China) registered strong sales momentum. On the other hand, sales figures in the United States and Japan were down. Market participants' uncertainty due to the financial crisis and oil price resulted in the worst car sales figures for the US since 1998. Sales in Western Europe were up slightly and the trend in the new EU countries was also encouraging.
With output of 12.1 million units, German carmakers produced more vehicles than ever before and further improved their good figures of their previous year. Every sixth car made anywhere in the world now bears a German brand name. Western Europe continued to be the most important market. An interesting aspect is China's development towards becoming the most important country for production outside Germany. The German carmakers' operations in the United States were also steadily expanded, generating good sales results against the trend among the American manufacturers.



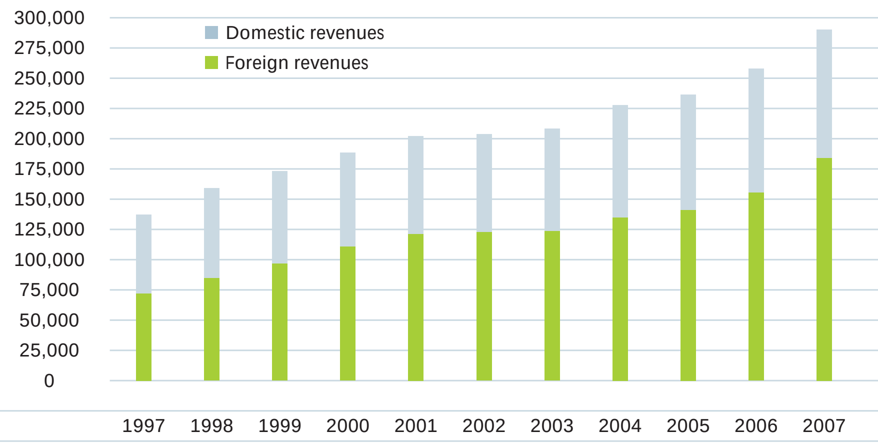
Source: VDA *partly provisional or estimated

The revenues of the German automotive industry rose by 7.2 percent, totalling EUR 290 billion. Even though the weak US dollar presented the German car industry with a major challenge, its export sales were up by about ten percent thanks to an internationalisation strategy and an attractive model line-up.

In Germany, there was, in 2007, a downturn in the number of cars newly registered for the first time in years. High fuel prices, an ongoing CO_2 debate and uncertainty about any further impact of the financial market crisis resulted in a 9.2 percent decline versus 2006 to 3.1 million passenger cars registered.

Revenues in the German automotive industry

in EUR millions



Source: VDA statistics, German Federal Motor Vehicle Office

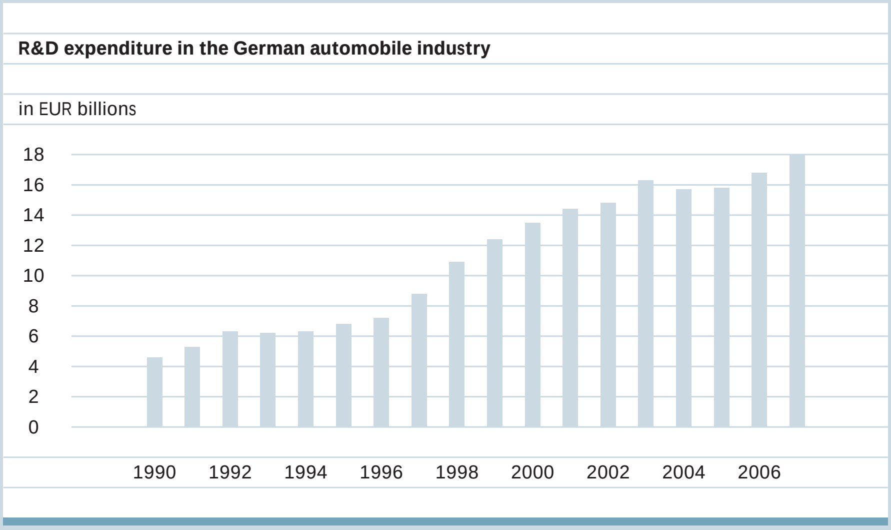
The international financial market crisis and the fears of a global recession triggered by it has in the course of 2008 exerted a seriously negative effect on the automotive sector. According to the VDA, the industry's association in Germany, October's passenger car registration figures in Europe were, at 1.1 million vehicles, down to 15 percent in comparison to the previous year. The adjustments to production that have been announced due to the significant decline in sales figures involve virtually all manufacturers worldwide.

Trends in the aviation industry

2007 was an unexpectedly strong year for the civil aviation industry. New orders for commercial aircraft exceeded the previous year's record and there was encouraging revenue growth of 6.3 percent. The dynamically growing markets in the Asia/Pacific region, India and Middle East were particularly strong sales drivers. Buyers in these markets are investing in the latest and ecologically most efficient aircraft. Further modernisation and enlargement of aircraft fleets also took place in Europe and the United States. The Association of European Airlines (AEA) reported a slight year-on-year increase in passenger numbers for the first half of 2008. Later developments involving the oil price and exchange rates as well as the added macroeconomic consequences of the financial market crisis will have impacted heavily on the second half of 2008.

Engineering market

The automotive industry is faced with the challenge of meeting rising requirements by developing and deploying new technologies. Differing legislative proposals around the world, such as the introduction of a CO_2 limit for new cars, are driving a further increase in demand for development work. Consumers' sustained interest in personalised mobility calls for continual expansion of model line-ups. Trends towards more safety, networked communication and efficient drive systems provide the market for development services with further, good growth opportunities. The German carmakers spent about EUR 18 billion on research and development in 2007. The use of strategic partners in such demanding projects continues to be stepped up.



Source: German business community's assoc. for the promotion of science

Individual requirements of aircraft with respect to range and as well as general and passenger capacity are also leading to a greater variety of models in the aviation industry. Against the backdrop of the CO_2 and climate protection debate, the market is also calling for more efficient and environmentally friendly solutions. The application of new technologies and materials also plays a key role in this respect. The aforementioned aspects mean that the aviation industry will have additional need for development work in the future.

Under such favourable market conditions Bertrandt succeeded in bolstering its position and benefited to a disproportionately large extent from the growth.

Business model

Where Bertrandt is located:

Germany	Altenburg, Berlin, Bielefeld, Bremen, Bretzfeld, Donauwörth, Dortmund, Düsseldorf, Ehningen, Frankfurt a. M., Freiburg, Garching, Hamburg, Heilbronn, Ingolstadt, Karlsruhe, Cologne, Mannheim, Munich, Neckarsulm, Nuremberg, Regensburg, Rüsselsheim, Stadthagen, Stuttgart, Ulm, Wolfsburg
France	Paris, Sochaux
United Kingdom	Dunton
Sweden	Trollhättan
Spain	Barcelona
United States	Detroit

The Bertrandt Group again succeeded during this year in extending its position as one of Europe's leading engineering service providers. In so doing, Bertrandt has broadened its decentralised structure to 30 facilities. As an expert partner to the automotive and aviation sectors, Bertrandt develops solutions dedicated and tailored to its customers in collaboration with them. Its range of services stretches from individual components to complex modules through to complete derivatives. The customer base comprises nearly all European manufacturers as well as numerous leading systems suppliers. Particularly the immediate proximity to the customer enables a long-term partnership defined by flexibility and mutual trust. Furthermore, via Bertrandt Services GmbH the Company also offers specifically technical and commercial services outside the mobility sector.
Quality always plays a fundamental role for Bertrandt. The specialist know-how of more than 6,000 employees as well as standardised processes enable the Company to maintain its quality standards and to raise them further.

Basis of the business model

Bertrandt gears its business activity to the requirements of its customers as well as the continually changing market conditions and thereby generates successful growth. Bertrandt safeguards its competitive position in the market by continually adapting its range of services and organisational structures. Together with a structure of specialist departments covering the whole Group, the branch office-based approach to the market forms an ideal basis for optimum results. A broadly-based quality management system ensures efficient project and process management. Staff qualifications are another principal success factor. Bertrandt makes sure that it has the specialist expertise required for all segments served with targeted training courses and demand-related recruitment.

Successful business performance hinges to a significant degree on the market trends described below:

Environmentally friendly mobility

New environmental regulations and a rise in crude oil prices over the long term call for new technologies and thereby incur mounting development expenses for the manufacturers. Alternative drive concepts are at the forefront in this respect. Such innovative engine and motor developments influence the vehicle as a whole, from control and management systems through to vehicles packages. Furthermore, the market trend is towards efficient, sometimes smaller and energy saving vehicle models. Legal requirements are thereby driving a wave of capital investment and consequently potential for development work and a widening variety of vehicle models. Manufacturers, system suppliers and engineering service providers have to face up to these market circumstances with multifaceted solutions.

Growing model diversity

The trend towards more individuality continues. Carmakers are responding to the change in consumer behaviour by offering the customer a wide variety of models. Furthermore, demand is growing for environmentally friendly and low consumption vehicles that also meet both ecological and economic standards. Numerous manufacturers have already established corresponding products lines. Overall, this leads to the formation of more niches with new model series and an increasing diversity of variants.

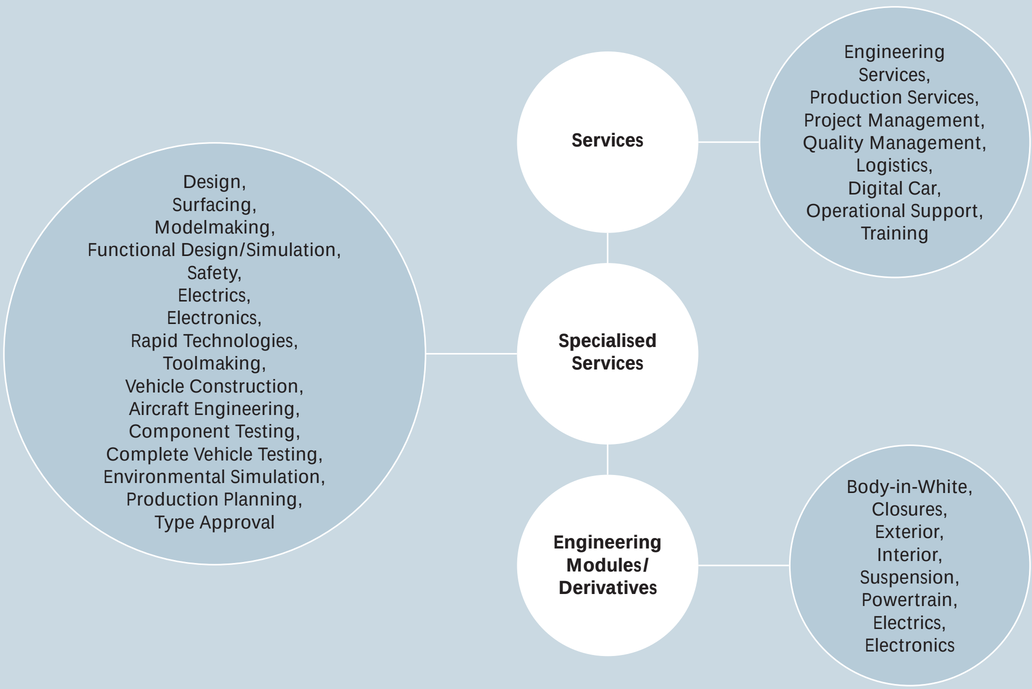
Vehicle safety and pedestrian protection

Looking forward, protecting pedestrians on the roads will be an issue for vehicle manufacturers. Opportunity for improvement in the development of modern front-end modules lies in the selection and composition of suitable materials – like aluminium, steel and plastic – as well as design and new testing systems. The combination of active and passive protection systems, such as the pop-up bonnet/hood to absorb the pedestrian's impact as well as possible, is considered to be a key factor in this respect.

More electronics for networked communication

Manufacturers will in the future equip their vehicle models with a larger proportion of electronics. These make a valuable contribution to networked communication and thus to "accident-free driving" for example with systems in which sensors recognise accident-prone situations and report the threats to assistant or protection systems. Car-to-X communication is another key technology of the future. This involves reconciling data inside the vehicle with external data for traffic-related communication. This will, for instance, enable vehicles to communicate between each other and to access current information from an external computer centre. This software intelligence will be crucial for future traffic management because of the mounting volume of traffic.

Range of services



As one of the leading engineering service providers in Europe, Bertrandt covers the entire automotive development process. At all project stages from the seed idea, design, development, simulation, testing, model/prototype construction, tooling and production planning right up to the series ramp-up and series production management, Bertrandt, as a dependable partner, assists its customers with a comprehensive range of services. This can be divided mainly into general services, services specific to specialist areas as well as the development of components, modules and vehicle derivatives.

Services

Along the automotive value chain, there are many tasks parallel to the actual development process. Be it project management, quality management, supplier management or documentation of the entire project – Bertrandt offers its customers a comprehensive service, thereby supporting and enabling them to focus on core areas of expertise.

Services specific to specialist areas

Specialist know-how covering every step of the development process is key to our ability to offer our customers the best possible result. Having such a high degree of specialist knowledge, experience as well as interface between specialties enables us to cover the different areas in an optimum way. All disciplines can either be integrated in the module development or commissioned as individual services.

Module and derivative development

Bertrandt continuously adjusts its range of services to the changing needs of its customers. As the manufacturers are increasingly concentrating on their core areas of expertise, they are outsourcing ever more complex development jobs. Bertrandt covers the know-how needed to work on the development of components to modules and through to complete derivatives with its experience and specialists. Taking project-related responsibility for the development tasks encompasses overseeing of the interface between customers, system suppliers and Bertrandt as well as monitoring quality, costs and deadlines, to name but a few examples.

Group-wide specialist areas

Group-wide linking of specialist knowledge and experience in the form of intra-group divisions and areas of expertise enables Bertrandt to carry out its jobs efficiently and in an optimum way. The customer is thus looked after locally by a separate branch office and thereby benefits from the know-how of the entire Group in the following specialist areas:

Electonics

The proportion of electronics is rising steadily; they are found in virtually every area of the car. The individual, complex systems covering for example infotainment, power and safety management, car-to-x communication as well as brake-by-wire must be easy to operate via modular units and standardised interfaces. The majority of innovations in a vehicle therefore stem from the electronics area. To provide the customer with the best possible support given this trend in the market, Bertrandt is continually expanding its range of services as well as the number of its employees working in this specialist field.

Supporting services

The majority of the jobs in the field of development run parallel to the actual process, like quality, logistics and process management, for example. Bertrandt covers these cross-divisional functions in development and production with its Supporting Services segment. As a trustworthy process partner, Bertrandt enables customers to ease the strain on their development resources.

Interior

Since they are a key comfort factor, vehicle interiors are increasingly being designed for a driving experience that is individualised and adapted to personal wishes. In addition to very high visual and tactile expectations, functionality and quality also play crucial roles in this respect. Innovative ideas and a high level of interiors expertise are the condition for meeting occupants' demands. Bertrandt's range of services pertaining to interiors stretches from design model making to developing complete seating systems through to the interior trim.

Bodywork

The specialist area of bodywork is involved mainly in the development of complete body shells as well as the exterior. The customer benefits from Bertrandt's decades of experience in this respect. Be it designing doors and hatches or carrying out lighting simulations, Bertrandt always pays attention to the functionality of the individual components. The use of state-of-the-art technologies, materials and production methods achieves an optimum result to the latest standards.

Powertrain

Mounting legal requirements as well as a rise in crude oil prices over the long term mean that the focus continues to be on reducing consumption and emissions while simultaneously raising performance. Bertrandt supports its customers in devising new and alternative drive concepts as well as in the further development of existing engines. The specialist department's know-how in this respect ranges from preliminary development to engine integration and computation through to simulation and testing.

Model construction and rapid technologies

Despite virtual construction methods, a tangible model is essential to improved ability to visualise the final product. With its model construction area of expertise, Bertrandt supports the customer at an early development stage by supplying the desired models and prototypes. Three-dimensional models make design easier and enable a different way of judging function. Bertrandt's range of services for the customer is comprehensive. From model construction to CAD tools and tool-making through to measuring technology – it is always important to Bertrandt to meet all quality requirements.

Simulation

Simulated engineering saves time and money and is therefore essential to today's development process. The use of virtual construction methods makes it possible to ensure the function and to meet goals as well as to implement suggestions for optimisation at early stages of development. By means of simulation, Bertrandt's experts take account for example of occupant protection, the crash management systems as well as current on the vehicles.

Testing

Safety and environmental standards are becoming increasingly important due firstly to legislation and secondly to consumers' altered buying behaviour. Active and passive safety are playing an increasingly crucial role in this respect. Continuous testing processes and trials are run to achieve the best possible standards. The customer's products are tested under virtually real conditions, showing any potential for optimisation. Bertrandt assists its customers from the first concepts through to complete vehicle testing.

Aviation

In the development of automotive products, Bertrandt can point to decades of experience and is an established partner to the manufacturers. Its know-how ranges from concept development through to production ramp-up. Bertrandt has directed this range of services to another growing segment – aviation. Bertrandt has for several years been supporting multinational aircraft manufacturers as a skilled partner. In so doing the Group takes on jobs in the areas of structure and interiors development, involving the hardware as well as providing development-related services. Via Bertrandt Aeroconseil GmbH, a joint venture of Bertrandt and Aeroconseil, Bertrandt has gained direct access to the European aerospace industry.

Group organisation and management

International Group structure

Bertrandt AG is the parent company within the Bertrandt Group, which operates with legally independent entities or in the form of operating facilities in Germany, France, Sweden, Spain, the United Kingdom and the United States. Bertrandt AG's Management Board runs the Company on an autonomous basis. The Supervisory Board appoints the members of the Management Board and monitors and advises them and, in particular, is consulted on decisions of material importance to the Company.

As a matter of principle, Bertrandt AG's subsidiary undertakings are managed independently by their own management. Group and single-entity interests are coordinated at regular management meetings between the Group Management Board and representatives of the individual subsidiaries.

Focus on creating value

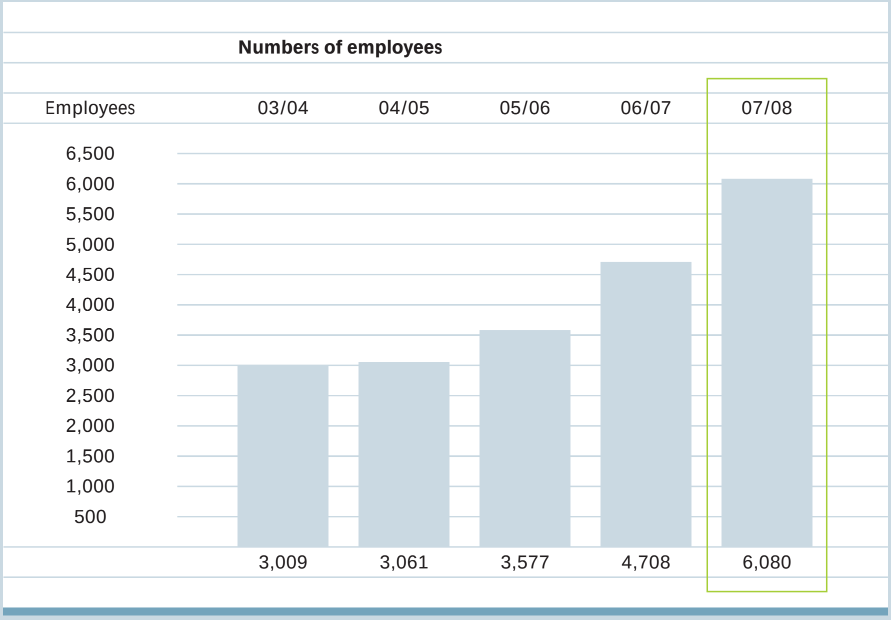
The Bertrandt Group's management system aims at creating value throughout the entire Group. On this basis, the targets are defined for the segments and subsidiaries. Management of the Bertrandt Group is based on the EBIT level, with reporting on a top-down basis from the Group, via the segments and subsidiaries down to individual profit centre levels. Periodic management is defined in the light of the recognition and measurement policies adopted for international accounting purposes. Along with EBIT, Bertrandt uses certain segment and branch-specific profitability ratios for such controlling purposes.

Personnel management

More than 6,000 employees represent the Bertrandt company vis-à-vis customers and business partners both in Germany and abroad. It is the sum total of their performance that constitutes the success achieved by the Bertrandt Group in more than 30 years. A high level of dedication, openness, trust and loyalty are the values determining the way in which they go about their daily work. Above-average commitment and a high degree of initiative are just as much par for the course as taking responsibility as an “entrepreneur within a company”.

Employee numbers

Worldwide, Bertrandt employed 6,080 people on 30 September 2008 (4,708 in the previous year), including 5,552 (previous year 4,234) in Germany and 528 (474) in other countries. New jobs were created in conventional engineering areas as well as in the growth segments. Bertrandt’s aim is to retain employees and to keep staff turnover as low as possible.



Bertrandt as attractive employer

Bertrandt offers experienced, skilled people and motivated graduates equally interesting and challenging jobs in all areas of engineering. Bertrandt’s wide range of products and services provides its staff with multifaceted opportunity for advancement and enhances their strengths.
Sustained personnel marketing aimed at both experienced people and those embarking on their careers also further broadens the degree to which Bertrandt is recognised. The success of this commitment is reflected on a variety of evaluations. In the May 2008 issue of “Wirtschaftswoche” Bertrandt took 85th place among the job favourites of engineers.

In the German Graduates' Barometer – a survey of graduates carried by Trendence together with the periodical Manager Magazin – Bertrandt advanced for the second year in succession, in the engineering segment reaching 64th place among the top employers (71st place in the previous year and 94th in 2006). According to another Trendence survey, Bertrandt was also among the top 10 preferred employers among automotive engineers in 2007.

Recruitment

Recruitment forms the basis for group-wide growth at Bertrandt. From the initial contact with Bertrandt established by personnel marketing to targeted addressing of applicants through to the selection process, the purpose of recruitment at Bertrandt is always to find employees who want to apply their knowledge and ability at Bertrandt to serve customers. The focus is on high process efficiency, quality assurance but also the human element.
It is important to Bertrandt to reach a wide range of target groups in order to guarantee an ideal blend of experienced people and those embarking on their career. Bertrandt starts as early as with pupils still at school, drawing their attention to the appeal of technical carriers by inviting participation in the VDI industry association's "Making things" initiative as well as the "Girls' Day". By way of joint venture projects and university fairs, Bertrandt is early to position itself as an attractive employer. Numerous internships and graduate jobs provide interested persons the opportunity to acquire their first experience in an engineering environment. With participation in more than 80 university marketing events as well as trade fairs, Bertrandt is present to address potential applicants in their area.

Further training

High quality standards are crucial to the Company's success. The engineering industry is also characterized by never-ending change as well as heavy pressure to innovate. In order to develop the know-how of its employees on a lasting basis and to support each individual as well as possible, Bertrandt regularly conducts comprehensive further training courses. In the spirit of life-long learning, the Company offers a wide variety of technical training schemes, management programmes and specific project management courses. This is the only way for Bertrandt to fulfil its customers' continually rising requirements, also in new areas, reliably and with the expected quality.
In total, Bertrandt spent EUR 6.2 million on further training of staff and managers in the 2007/2008 financial year (EUR 4.5 million in the previous year).

Traineeships for school-leavers

Bertrandt is aware of its business responsibility and therefore provides a wide variety of apprenticeships to invest in the next generation. Bertrandt further expanded its apprenticeship programme in the 2007/2008 financial year, taking on an additional 50 new apprentices. In total, more than 130 young colleagues are currently completing an apprenticeship at the various Bertrandt locations, in courses ranging from the technical and commercial through to enrolment in the Vocational Academy.

Business performance

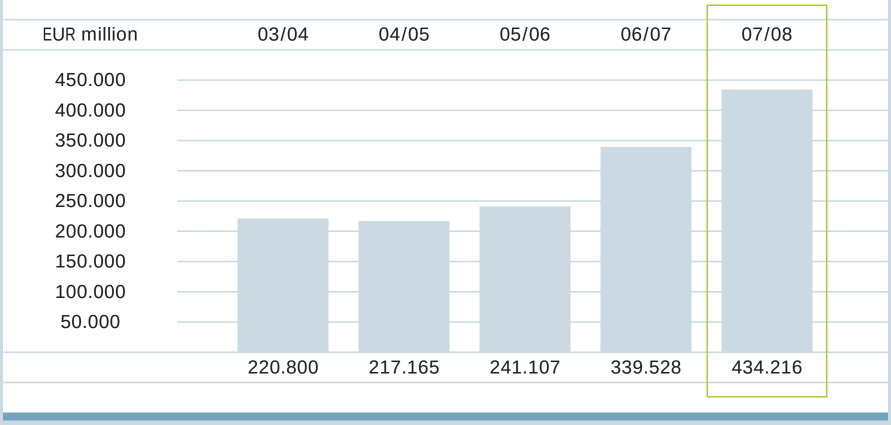
Results of operations

Under demanding market conditions, Bertrandt generated significant increases in both revenues and earnings in the 2007/2008 financial year thanks to the Group's strategic orientation, which combines a customer and branch-oriented approach to the market with the establishment of Group-wide divisions in a matrix organisation. Larger project volumes in the operating units, steady optimisation of capacity utilisation combined with targeted cost management and programmes to enhance efficiently are major factors behind this success.

Revenues up

The results are reflected in the revenues and earnings growth achieved in the fiscal year ended on 30 September 2008. Revenues increased by EUR 94.688 million to EUR 434.216 million (previous year EUR 339.528 million), corresponding to 27.9 percent growth. Each of Bertrandt Group's divisions – Digital Engineering, Physical Engineering and Electrical Systems/Electronics – posted substantial growth. The foreign subsidiaries contributed to the Group's growth with a 33.6 percent revenue increase to EUR 39.007 million (previous year EUR 29.200 million) and generated operating profit of EUR 2.390 million (previous year EUR 1.796 million).

Consolidated revenues



Cost ratios improved

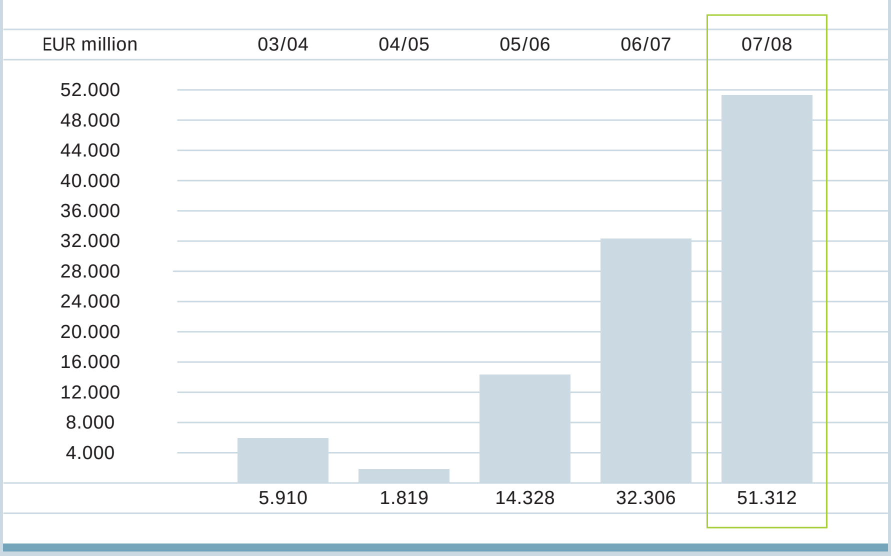
The key expenditure figures were as follows compared to the previous year: At a ratio of 10.6 percent, the cost of materials was up in line with projects and thus increased by EUR 7.331 million year-on-year. Due to the major recruitment, staff costs in absolute terms climbed by EUR 62.961 million to EUR 281.909 million (EUR 218.948 million in the previous year). Owing to the consistently good utilisation of capacity, the 64.9 percent staff cost ratio was at the previous year's level (64.5 percent).

Depreciation amounted to EUR 8.855 million in fiscal 2007/2008 (EUR 9.143 million in the previous year. This equates to a 2.0 percent depreciation ratio. Although other operating expenses rose by EUR 7.868 million to EUR 53.543 million in absolute terms (previous year EUR 45.675 million) and in line with the expansion of business during the period under report, the expenditure ratio was, at 12.3 percent, lower than in fiscal 2006/2007 (13.4 percent). The result of sustained and targeted cost management is reflected in economies of scale.

EBIT

Operating profit in the 2007/2008 financial year was up by EUR 19.006 million to EUR 51.312 million (from EUR 32.306 million in the previous year). The improvement in earnings was attributable to increased business volumes and the resulting high degree of capacity utilisation in the operating units. The Group also owed this success to sustained and systematic cost management.

Operating profit

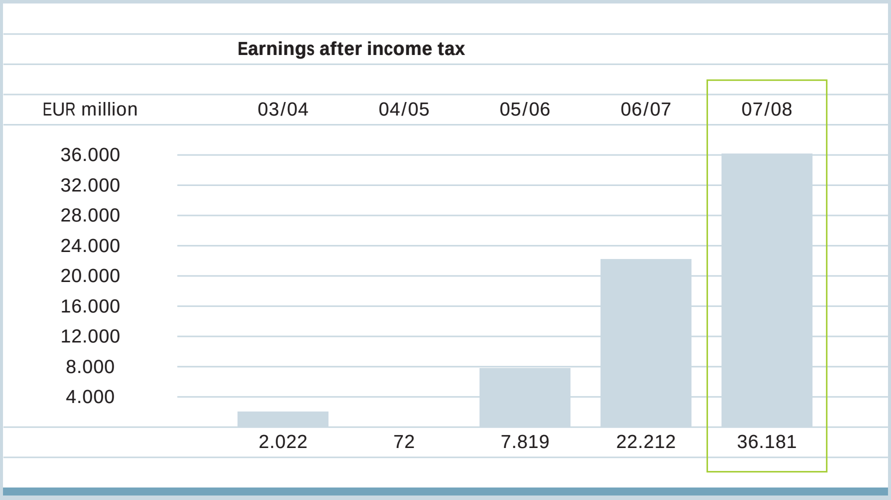


Improving financial result

The financial result was likewise encouraging, with the figure amounting to EUR 679 million (EUR 274 million in the previous year). Resolute debt reduction over the past few years combined with the sustained free cash flow resulted in a further improvement of the Bertrandt Group's liquidity situation. Short-term deposits consequently yielded higher interest income and the interest charges on debt were simultaneously down.

Profit from ordinary activities

Profit from ordinary activities amounted to EUR 51.991 million (previous year EUR 32.580 million) and thus improved by EUR 19.411 million. With income taxes amounting to EUR 15.315 million – which equates to a 29.7 percent tax rate – earnings after income taxes came to EUR 36.181 million (up from EUR 22.212 million in the previous year).



Performance by division

Bertrandt's business comprises the Digital Engineering, Physical Engineering and Electrical Systems/Electronics divisions. All divisions attributed to Bertradt's growth in revenues and earnings.

The Digital Engineering division, which covers mainly the design of vehicle components, increased its revenues by 27.9 percent to EUR 274.309 million (previous year EUR 214.400 million). At EUR 32.647 million (previous year EUR 20.936 million), the division's operating profit made a key contribution to consolidated earnings, a development attributable in particular to sustained capacity utilisation in this segment.

The Physical Engineering division is made up of activities related to model construction, trials, vehicle constructions, rapid prototyping and rapid tooling as well as the construction of sheet metal prototypes and plastics technology. These workshop-related activities generated revenues of EUR 83.632 million (previous year EUR 68.107 million), which equates to a year-on-year increase of 22.8 percent. There was also a year-on-year increase in operating profit, from EUR 3.470 million to EUR 9.138 million.

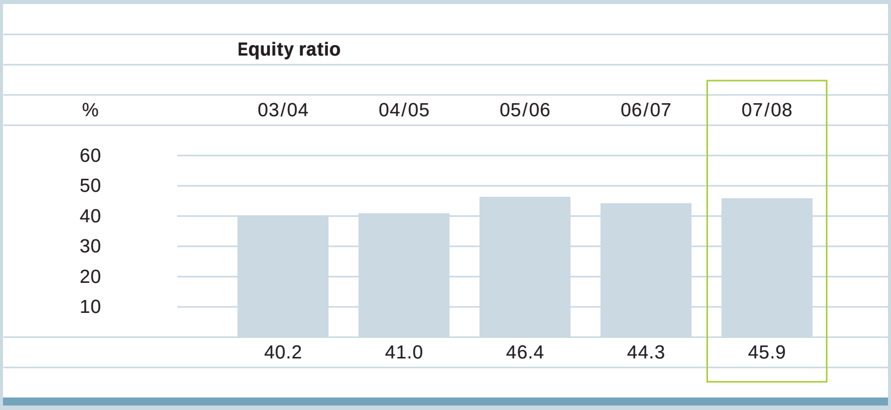
The Electrical Systems/Electronics division, which covers the development of electronic modules such as wiring systems and software, grew at a disproportionately strong pace in the past financial year with a 33.8 percent increase in revenues. This figure rose to EUR 76.275 million (previous year EUR 57.021 million), while operating profit was up from EUR 5.702 million to EUR 9.527 million.

Financial and asset situation

Bertrandt has a balance sheet structure characterised by matching maturities. Due to the growth, total assets increased by about 31.1 percent to EUR 229.385 million (EUR 174.995 million in the previous year).
The higher amount of assets is reflected principally in the following items: Increased capital spending drove up non-current assets. Furthermore, growth tied funds up in receivables and other assets. At the same time, the Company achieved a disproportionately smaller increase in trade receivables than in revenue growth thanks to resolute receivables management. Due to the good business performance and positive free cash flow, cash and cash equivalents rose to EUR 30.463 million (from EUR 14.268 million in the previous year).

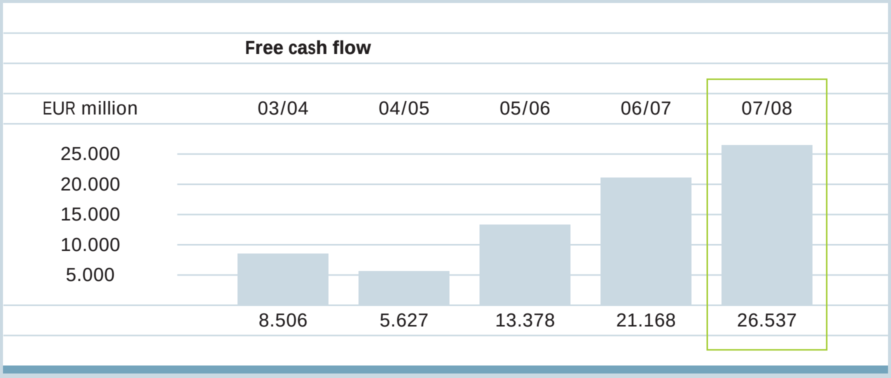
Solid equity base

On the liabilities side, shareholders’ equity was, in absolute terms, up by EUR 27.805 million to EUR 105.366 million thanks to the good performance. At 45.9 percent (previous year: 44.3 percent), the equity ratio remained at a high level. Bertrandt is thus among the well-funded companies in the automotive sector. Current provisions rose, due primarily to tax and personnel provisions, by EUR 17.081 million to EUR 54.242 million (from EUR 37.161 million in the previous year).



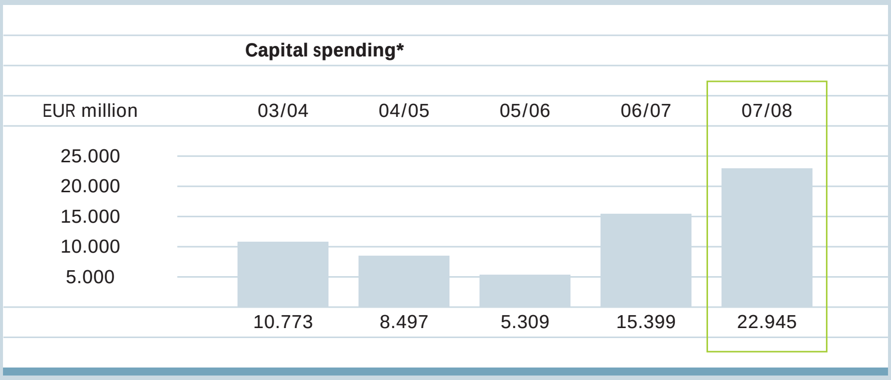
Sustained free cash flow

Based on the good business performance, cash flow from operating activities rose to EUR 48.710 million (up from EUR 36.242 million in the previous year) despite the rise in funds tied up in trade receivables and other assets. Bertrandt was able in this financial year to fund its capital expenditure fully from the cash flow generated, even though the investment of EUR 22.945 million was significantly above the previous year’s of EUR 15.399 million. Bertrandt generated free cash flow of EUR 26.537 million in the past financial year, up by EUR 5.369 million on the previous year’s figure of EUR 21.168 million.



Capital spending

Spending on property, plant and equipment amounted to EUR 19.243 million in the period under report, a year-on-year increase by EUR 7.478 million. Spending on intangible assets came to EUR 3.244 million while financial investments amounted to EUR 0.458 million. The focus of capital spending was on targeted expansion as well as upgrading the infrastructure at Bertrandt's facilities.



* Including leases until 2005/2006

Remuneration report

Structure of Management Board remuneration

Remuneration of the Management Board comprises fixed and variable components. Each member of the Management Board receives a fixed component payable in twelve equal amounts at the end of each month. The variable component is linked to Bertrandt Group's earnings in the previous financial year and is paid out in the subsequent financial year. Remuneration of the two Management Board members totalled EUR 2.076 million in the 2007/2008 financial year (previous year EUR 1.809 million), with the variable amount exceeding the fixed amount. For competition reasons, the remuneration of the members of the Management Board is not individually disclosed. On 15 February 2006, the shareholders approved the continuation of the long-standing reporting practice by passing a non-disclosure resolution in accordance with the Management Remuneration Act.

Both members of the Management Board are provided with a car for business and private use. Both Management Board members are also covered by a group accident insurance policy. There are retirement benefit obligations vis-à-vis one active member as well as one former member of the Management Board.

Structure of Supervisory Board remuneration

The structure of Supervisory Board remuneration was adopted by the Annual General Meeting in 2003. Each member of the Supervisory Board thus receives a fixed amount of remuneration after the financial year, in addition to refund of expenses. The chairman receives double the amount, his deputy 1½ times the amount. The Supervisory Board also receives variable remuneration linked to the size of the dividend. The remuneration is payable after the Annual General Meeting's resolution on profit appropriation. Supervisory Board remuneration totalled EUR 0.197 million in the 2007/2008 financial year (previous year EUR 0.152 million).

Disclosures on subscribed capital

Disclosures on subscribed capital and possible takeover restrictions (Art. 315 (4) HGB)

The share capital amounts to EUR 10,143,240.00, divided into 10,143,240 bearer shares. Each share has one vote. The members of the Management Board are not aware of any restrictions concerning voting rights or the transfer of shares, apart from their own shareholdings disclosed separately in this Report.
The following shareholders hold more than 10 percent of the voting rights:

- Dr. Ing. h.c. F. Porsche AG: 25.01 percent of the voting rights
- Süd-Kapitalbeteiligungs-Gesellschaft mbH: 24.99 percent of the voting rights, a subsidiary of Landesbank Baden-Württemberg

There are no special rights bestowing any powers of control.
Appointment and recall of Management Board members is governed by Articles 84, 85 of the German Public Companies Act together with Article 6 of the Company's Articles of Association.
Pursuant to Art. 179 of the Public Companies Act together with Art. 18 (1) of the Articles of Association, article amendments require a resolution of the Annual General Meeting adopted by a simple majority.
The Annual General Meeting on 13 February 2008 entitled the Management Board to acquire up to 1,000,000 own shares until 31 July 2009. The Management Board is authorised to increase the share capital in Bertrandt AG with the Supervisory Board's approval by issuing new shares on a cash or non-cash basis once or multiple times up to a maximum amount of EUR 4 million by 31 January 2010.
Bertrandt has entered into the following agreement of material significance, which provides for the event of a change of control: A virtually unutilised credit line gives the lender an extraordinary right of termination.
There are no agreements with either members of the Management Board or employees on compensation in the event of the change of control.

Significant events occurring after the balance sheet date, risk report and outlook

Significant events occurring after the balance sheet date

The report on significant events occurring since the balance sheet date describes those that occurred after the end of the fiscal year. The Management Board decided on 9 October 2008 to buy back up to 100,000 of the Company's own shares for a staff participation programme. The latest status on this share buy-back programme can be viewed at www.bertrandt.com. No other significant events have occurred since 30 September 2008.

Risk report

Risik management system

Bertrandt Group's risk management system identifies and documents risks to earnings or its viability as a going concern. All Bertrandt Group companies, both domestic and foreign, are covered by the system. Regular risk surveys measure all risks liable to influence our business performance to determine their significance. For this purpose, similar or identical risks at our foreign and domestic subsidiaries are aggregated to determine their significance for the Group as a whole. Depending on the results, suitable corrective measures are defined with top priority and carried out with minimum delay. Bertrandt's risk exposure is continually updated and entailed the potential individual threats set out below. In addition, the plausibility of minor risks was determined. However, these are not shown separately because of the limited likelihood that they will occur and their limited material relevance.

Economic risks

Whereas some months ago fears of inflation as well as exchange rates and commodity prices caused concern, the principal drawback for real economic performance now is the crisis of confidence on the financial and capital markets. What impact the financial market crisis might ultimately have on the economy and whether there will be a persisting recessionary trend is difficult to judge right now. The extent to which the government aid programmes and cuts in key rates by the central banks might effect lasting stabilisation of the markets will be of particularly crucial significance in this respect. The automotive industry is vitally exposed to the direction in which the economy heads.

Financial risks

As a service provider operating on an international level, the Bertrandt Group is exposed to financial risks. These risks comprise the risk of default on receivables from customers, liquidity risks as well as risk of fluctuation in interest and exchange rates. These risks are managed centrally by Group Treasury. A liquidity preview covering a fixed future period, credit facilities available to the Bertrandt Group but not utilised as well as alternative finance instruments ensure ample liquidity at all times. The significant downturn in the automotive business presents additional potential for risk. Against the backdrop of greater difficulty in raising capital, customers with hitherto good credit ratings might run into liquidity bottlenecks. The risk of customer default is very largely averted by means of preventive credit rating checks and ongoing monitoring of accounts receivable. Derivatives are used to manage the individual fixed-interest period and currency segments.

Changes in outsourcing strategies

Given the growing variety of models and shorter model cycles, the automotive industry has increasingly been outsourcing engineering work over the past few years, a trend from which Bertrandt has benefited. However, due to the current economic and market situation, the possibility that manufacturers might carry out development work themselves in some areas again in the future cannot be ruled out. This would mean a short-term reduction of the potential and actual market for Bertrandt, with a correspondingly adverse impact on its earnings and consequently also on its business as well as assets, financial situation and earnings.

Postponement of development contracts at short notice

The temporary postponement of development contracts might in some business segments result in under-utilisation of capacity that could possibly be offset to a limited extent only. Management changes and changes in corporate structures among carmakers and aircraft manufacturers can lead to reviews of their model line-ups and thus to a changed project structure.

Personnel management

Only ongoing further training for staff in both technical and business matters ensures that the necessary skills are available. Insufficient training or turnover in qualified personnel may impair the successful completion of projects.

Major projects

Work on large-scale projects gives rise to a three-way relationship between the customer, the supplier and Bertrandt that involve certain risks. Shortcomings in process and quality management as well as the failure to meet defined milestones may delay completion of a project. Successful execution of a project hinges on milestones and quality gates being reached as well as the deployment of efficient project management.

Overall risk

Bertrandt's early-warning system allows management to detect risks at an early stage and to apply corresponding countermeasures. As in the previous year, the system of early risk detection and management was subject to compulsory review as part of the audit of this year's annual financial statements. To summarise, the risk analysis on the basis of information currently known to us produces a positive result. Accordingly, there is no evidence at the moment of any material risks to the Bertrandt Group's assets, financial condition and earnings. The end of Bertrandt's 2007/2008 financial year was followed by major adjustments to economic forecasts for the final quarter of 2008 and for the whole of 2009. From today's perspective, the Group's risk situation has not materially changed as a result of these circumstances.

Outlook

Forecast of the underlying conditions

The global economy remains under heavy pressure due to the fallout from the financial market crisis that cannot yet be fully estimated, an expected global recession and wide fluctuation on the commodity markets. The International Monetary Fund (IMF) expects global economic growth to slow down sharply to 2.2 percent in 2009. The IMF's projection for Germany is negative growth of 0.8 percent. The macroeconomic trend will depend heavily on whether the rescue plans that individual governments have passed and the central banks' key rate cuts will achieve stabilisation of the capital and credit markets in the next few months. This is considered to be the basic precondition for lasting supply of credit in the European economy and for establishing the needed confidence among consumers. Leading forecasters expect the European economy to recover from the turmoil at the end of 2009.

Sector situation

The automotive industry is especially severely affected by the financial market crisis and is in a tough market setting. Various manufacturers and suppliers have already responded with targeted adjustment of their production capacity. At the same time, the industry is still faced with the challenge of implementing technical requirements without delay. Rising customer demand with respect to communication, safety and comfort in the vehicle, the desire for more environmental-friendly, use-optimised drive systems with better performance as well as continuous enhancements to quality are the main challenges that carmakers will have to confront in the future. Carmakers have announced and implemented proactive model policies aimed at having more niche models. Against this backdrop, Bertrandt expects spending on research and development to remain at a high level. In so doing, the manufacturers will increasingly rely on strategic partnerships in the future as well. Bertrandt therefore expects the market for development services to continue to grow and the trend towards outsourcing to last.

Potential

Bertrandt is a leading provider of development services for all aspects of mobility. Our range covers the entire product engineering value chain and beyond in the international automobile and aviation industries. Bertrandt acts as a skilled adviser, implementing technological trends of the future without losing sight of practical requirements. Given this clear positioning as a partner for integrated automotive engineering as well as being a key driver of innovations, such as electronics, Bertrandt assumes that it will be able to maintain this leading market position in the future. It will support its customers with far-sightedness and quality of the highest order.
Given the strong diversity of models and versions, Bertrandt is confident of remaining a sought-after engineering partner to the international automobile and aviation industry. With its decentralised structure comprising facilities in the immediate vicinity of customers, Bertrandt is able to respond to customer requirements directly and to realise them in projects without delay. Services can be offered internationally and provided within the Bertrandt network with the greatest possible benefit to the customer.

Foreign operations

In the future, too, Bertrandt will, with its foreign operations, pursue a strategy of the sharpest possible focus on the customer and having the associated international outlook. The strategy of maximum customer orientation and the related international outlook is being continued. Looking forward, it will continue to offer the full range of services promptly and comprehensively to customers outside Germany via the close organisational link-up with its facilities in Germany.

Personnel

We are responding to the high customer requirements of the future by systematically extending and honing our employees' skills and qualifications. Bertrandt seeks to attract and retain graduates and experienced specialists by offering them an atmosphere in which employees can develop creative ideas and make their own decisions. The objective of human resource management will be to integrate staff quickly and efficiently in customer projects within the Bertrandt network.

Medium-term outlook

Bertrandt will continue to offer a wide range of services along the value chain to ensure that its customers are able to develop products characterised by the greatest possible quality. In this way, it will be reinforcing its position in Europe and specifically investing in efforts to systematically broaden its range. Furthermore, with the technical and commercial services of Bertrandt Services GmbH, the Company also provides good opportunity for success outside the mobility sector. Against the backdrop of the strategy already described in tandem with the Group's solid foundations, Bertrandt still considers itself to be well positioned. The Bertrandt Group's focus is on its drive to raise enterprise value on a lasting basis. Targeted cost and capacity management is a key success factor in this regard.

It is difficult to judge at the present time when a sustained economic recovery will set in. Initial countermeasures, in the shape of the packages that governments have passed to rescue financial institutions and the huge rate cuts made by the central banks, have been applied. A further boost is expected from the launch of specific economic programmes such as providing the automotive industry with low-interest loans. The uncertainty among all market participants continues to be substantial, however, and it remains to be seen how quickly these measures work. Provided that spending on research and development remains on a high level and an economic recovery occurs at the same time, Bertrandt sees prospects for growth in both revenues and earnings for the 2008/2009 financial year. For the subsequent year, too, we foresee an uptrend based on the still intact market drivers of increasing model variety and technological change. The Company consequently expects to have continued plentiful equity resources and a strong financial situation within the Group.

The Management Board

Ehningen, 20 November 2008

Dietmar Bichler
Chairman

Ulrich Subklew


STAHL
DMU 100monoBLOCK®
DECKEL MAHO

Making development work tangible

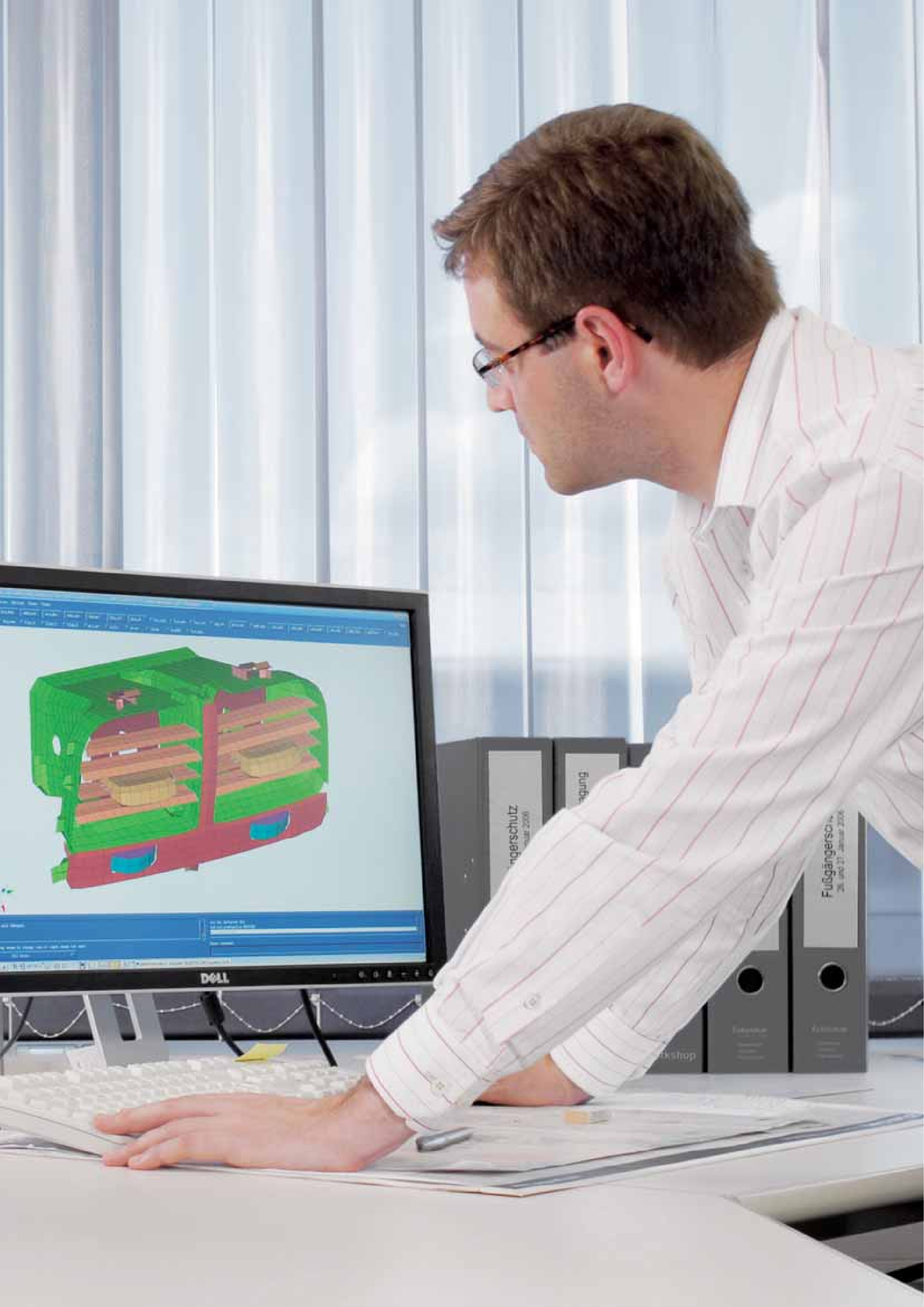
Modern rapid prototyping processes allow preliminary visual and function prototypes to be created from digital data within an extremely short period of time. As a result, it is possible to determine whether the digital data meet customers' quality expectations during the design and function-appraisal stages.

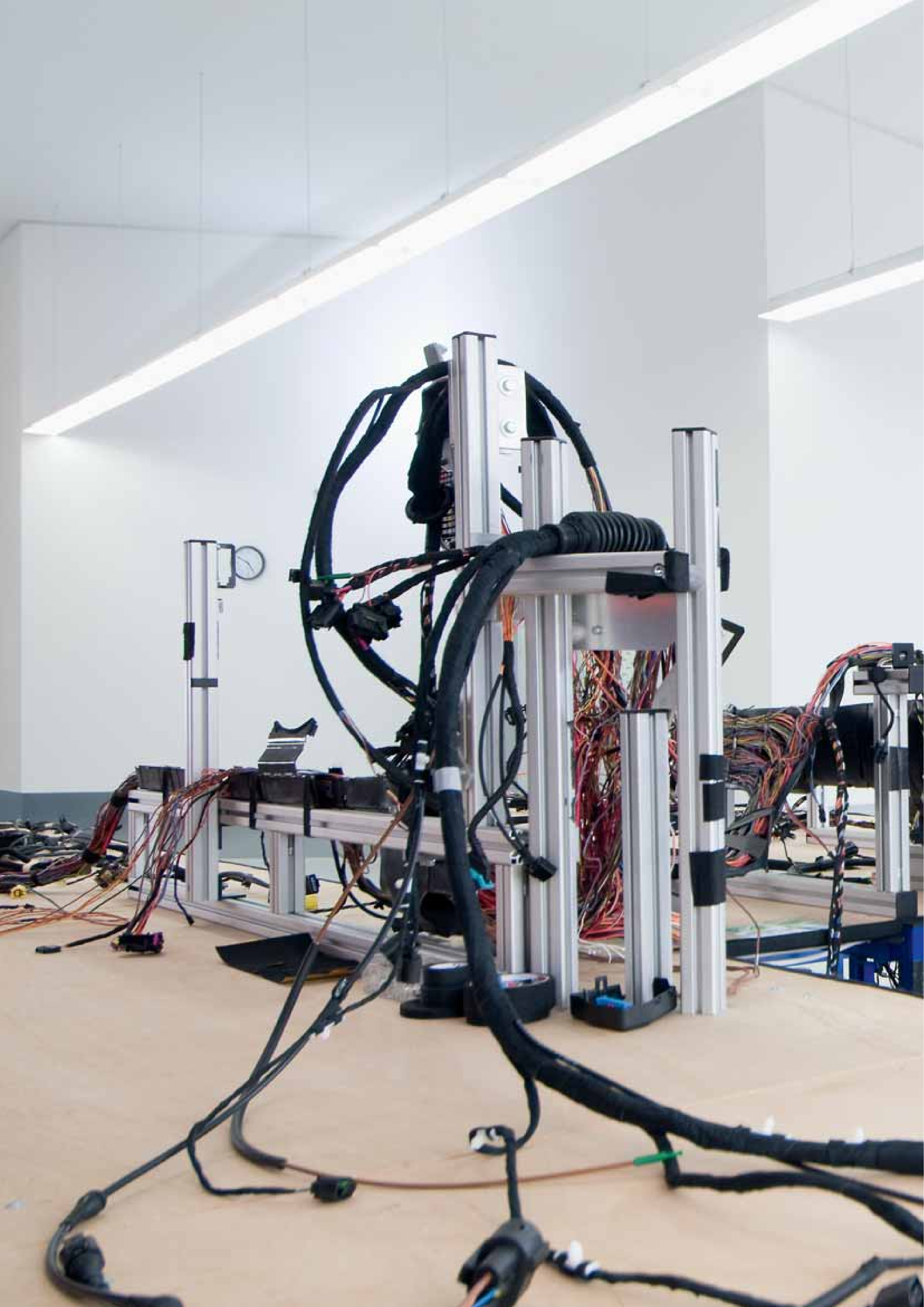
For example, functional prototypes can be installed in test vehicles prior to the production of series tooling. This marks a major step forwards towards organising individual processes independently of each other and further shortening development times.

Reflections of reality

Computer simulation is of great importance in modern engineering, playing a vital role in product development work by helping to meet the mounting time, cost and quality requirements. As a result, processes can be executed much faster and the quality of the results enhanced. By combining simulation tools with practical experiments and tests, it is possible to derive the greatest benefits for our customers.

In the case of ventilation nozzles, for example, it is possible to simulate air flows. Allowance can also be made for cooling components and consumption in virtual models.


DELL



Integrated process management

These days, new technologies are used to heighten vehicle comfort, safety and functionality. The greatest innovations are being achieved in electrical systems and electronics. Bertrandt has been active in this area since the early nineties and, via its Electronics division, is a solid partner in automotive and aircraft electronics.

Electrical systems and electronics go hand in hand. Several kilometres of cable are needed to link key functions due to the numerous electrically controlled processes. Bertrandt provides its customers with the full process chain ranging from virtual cable harnesses right through to real-life outfitting of test vehicles.

Actively avoiding accidents

Driving is undergoing change. Future electronic assistance systems will heighten road safety to a greater extent. The active cruise control system, for example, automatically adapts the vehicle's speed to match that of other road users, while the braking assistant ensures sufficient clearance from the driver ahead. In this way, urban driving and traffic congestion can also be rendered safer.

By means of integrated vehicle engineering, Bertrandt has positioned itself as an expert partner and proven implementer of key trends – in this case in the area of "accident-free driving".

Success comes from human endeavour

In the course of many years, Bertrandt has amassed extensive knowledge in such areas as interface management, project management and quality management. Bertrandt Services has been established to make these skills available to other sectors as well via the existing Bertrandt network, which has been providing solutions for complex tasks over many decades.

Bertrandt Services pursues a cross-sector business model primarily targeted at industry and small to mid-sized companies. High-quality projects in areas such as detail engineering, IT, office/management or finance play an important role in the mechanical engineering, electrical engineering or medical technology industry.

In-car multimedia

The automobile is almost unimaginably complex. In addition to its main task of transporting people from A to B, aspects such as safety, comfort and entertainment/information are also growing in importance.

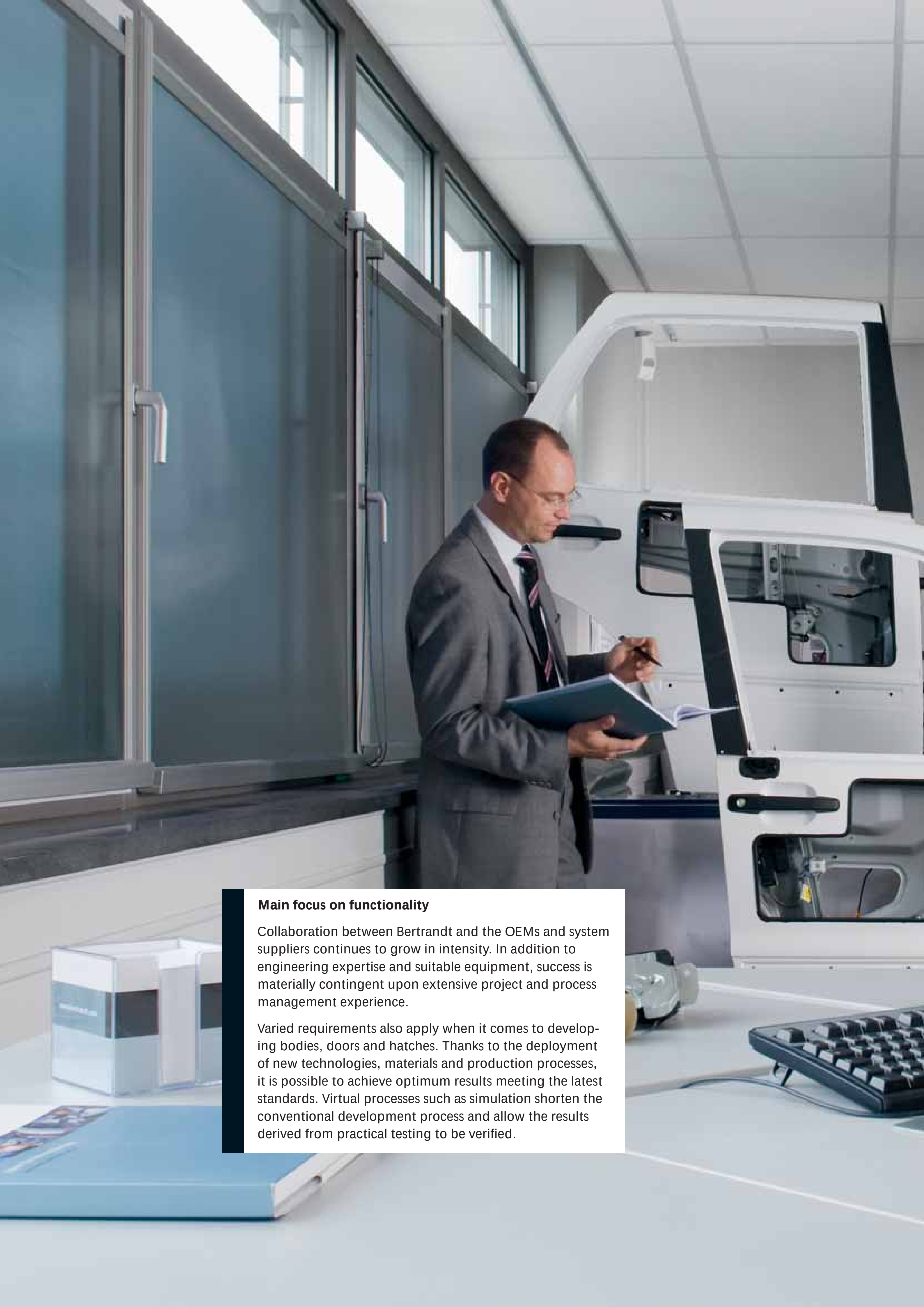
In-car voice communications, MP3 players, internet access have undergone rapid development over the past few years. Bertrandt's job is to provide support for new software and hardware models from preliminary development right up to the final finishing touches prior to series production. The Electronics and Testing departments work closely together to ensure that innovative technology and new functions are implemented in accordance with customer requirements. For example, tests are carried out to determine the compatibility of multimedia applications with vehicle systems.


bertrandt
NAV
INFO
CAR
SETUP
RETURN

Mastering complexity

As the interior modules are directly experienced by the vehicle and cabin passengers, they must meet extremely high standards of comfort, safety and functionality. Active head restraints, massage functions and automatic air conditioning systems have caused systems to grow rapidly in complexity over the past few years. Seat development is therefore extremely demanding and calls for cross-discipline skills and expertise in process and quality management.

Bertrandt has had many years of experience in developing seats. In fact, it developed its first own seat module, the “Ergo Seat”, back in 2003 and has been supporting the “Konzept-Sitz 2015” innovation project since 2007.



Main focus on functionality

Collaboration between Bertrandt and the OEMs and system suppliers continues to grow in intensity. In addition to engineering expertise and suitable equipment, success is materially contingent upon extensive project and process management experience.

Varied requirements also apply when it comes to developing bodies, doors and hatches. Thanks to the deployment of new technologies, materials and production processes, it is possible to achieve optimum results meeting the latest standards. Virtual processes such as simulation shorten the conventional development process and allow the results derived from practical testing to be verified.

Zero emission is the target

Environment-friendly drive systems form a key basis for future mobility. In addition to heightened customer demands with respect to acceleration and performance, the aim is to offer drive systems that permit substantial cuts in consumption and harmful emissions.

Bertrandt is supporting these plans via a wide range of services. The Powertrain department's skills encompass the design and development of new-generation engines and include related areas such as calculation and testing.

Consolidated financial statements

Bertrandt AG’s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee. As well as this, they include all the additional requirements stipulated in Section 315a (1) of the German Commercial Code (HGB).

Pages 68 to 71 set out the relevant financials in tabular form. Detailed information on the individual items can be found in the notes to the consolidated financial statements starting on page 72.

(in EUR million or as otherwise stated)

Consolidated income statement

From 01.10.2007 to 30.09.2008	Notes	2007/2008	2006/2007
Revenues	[6]	**434.216**	**339.528**
Other internally generated assets	[7]	0.219	0.163
Total revenues		**434.435**	**339.691**
Other operating income	[8]	7.104	4.970
Raw materials and consumables used	[9]	-45.920	-38.589
Staff costs	[10]	-281.909	-218.948
Depreciation	[11]	-8.855	-9.143
Other operating expenses	[12]	-53.543	-45.675
Operating profit		**51.312**	**32.306**
Share of profit in associates		0.089	0.089
Interest income/expense		0.590	-0.037
Other net financial result		0	0.222
Net finance income (previous year net borrowing costs)	[13]	**0.679**	**0.274**
Profit from ordinary activities		**51.991**	**32.580**
Other taxes	[14]	-0.495	-0.433
Earnings before tax		**51.496**	**32.147**
Income taxes	[15]	-15.315	-9.935
Earnings after income tax		**36.181**	**22.212**
Minority interests		0	0
Profit attributable to the shareholders of Bertrandt AG		**36.181**	**22.212**
Profit carried forward		1.409	0.819
Transfer to retained earnings		-22.664	-13.523
Consolidated distributable profit/loss		**14.926**	**9.508**
Earnings per share – diluted/basic –	[16]	3.57	2.20

(in EUR million or as otherwise stated)

Consolidated balance sheet

	Notes	30.09.2008	30.09.2007
Assets			
Non-current assets		**65.320**	**52.445**
Intangible assets	[18]	13.226	12.144
Property, plant and equipment	[19]	40.833	33.836
Investment properties	[20]	5.109	0
Investments accounted for using the equity method	[21]	0.281	0.288
Other financial assets	[21]	0.802	0.809
Receivables and other assets	[22]	1.583	1.560
Income tax assets	[23]	1.091	1.206
Deferred taxes	[24]	2.395	2.602
Current assets		**164.014**	**122.550**
Inventories	[25]	0.466	0.371
Future receivables from construction contracts	[26]	28.444	23.432
Receivables and other assets	[22]	104.301	84.309
Income tax assets	[23]	0.340	0.170
Cash and cash equivalents	[27]	30.463	14.268
Assets held for sale	[28]	**0.051**	**0**
Total assets		**229.385**	**174.995**
Equity and liabilities			
Capital and reserves		**105.366**	**77.561**
Issued capital	[29]	10.143	10.143
Share premium	[30]	26.625	26.625
Retained earnings	[31]	53.670	31.283
Minority interests	[32]	0.002	0.002
Consolidated distributable profit		14.926	9.508
Non-current liabilities		**18.537**	**18.003**
Provisions	[33] / [34]	6.010	5.098
Borrowings	[35]	4.723	6.199
Other liabilities	[36]	0.591	0.732
Deferred taxes	[24]	7.213	5.974
Current liabilities		**105.482**	**79.431**
Tax provisions	[37]	17.973	8.577
Other provisions	[34]	36.269	28.584
Borrowings	[35]	0.708	1.624
Trade payables	[38]	7.797	7.222
Other liabilities	[36]	42.735	33.424
Total equity and liabilities		**229.385**	**174.995**

(in EUR million or as otherwise stated)

Consolidated statement of changes in equity

	Issued capital	Share premium	Retained earnings			Minority interests	Distri-butable profit	Total
			Non-distri-buted earnings	Currency trans-lation reserve	Treasury shares			
Value on 01.10.2007	**10.143**	**26.625**	**32.099**	**-0.243**	**-0.573**	**0.002**	**9.508**	**77.561**
Capital increases								**0**
Dividend payment							-8.099	**-8.099**
Profit attributable to the shareholders of Bertrandt AG							36.181	**36.181**
Other non-operating changes			23.407	-1.181			-22.664	**-0.438**
Change in treasury shares					0.161			**0.161**
Value on 30.09.2008	**10.143**	**26.625**	**55.506**	**-1.424**	**-0.412**	**0.002**	**14.926**	**105.366**
Previous year								
Value on 01.10.2006	**10.143**	**26.625**	**18.324**	**-0.194**	**-0.573**	**0.002**	**3.854**	**58.181**
Capital increases								**0**
Dividend payment							-3.035	**-3.035**
Profit attributable to the shareholders of Bertrandt AG							22.212	**22.212**
Other non-operating changes			13.775	-0.049			-13.523	**0.203**
Change in treasury shares								**0**
Value on 30.09.2007	**10.143**	**26.625**	**32.099**	**-0.243**	**-0.573**	**0.002**	**9.508**	**77.561**

(in EUR million or as otherwise stated)

Consolidated cash flow statement

From 01.10.2007 to 30.09.2008	2007/2008	2006/2007
1. Earnings for the period (including minority interests)	**36.181**	**22.212**
2. Income taxes	15.315	9.935
3. Interest income/expense	-0.590	0.037
4. Other net financial result	0	-0.222
5. Share of profit in associates	-0.089	-0.089
6. Writedowns on non-current assets	8.855	9.143
7. Increase/decrease in provisions	8.692	25.869
8. Other non-cash expenses/income	-0.283	0.433
9. Profit/loss from disposal of non-current assets	0.110	0.281
10. Increase/decrease in inventories, trade receivables and other assets not assigned to investing or financing activities	-25.177	-30.870
11. Increase/decrease in trade payables and other liabilities not assigned to investing or financing activities	9.746	7.453
12. Income tax received/paid	-4.640	-7.986
13. Interest paid	-0.386	-0.487
14. Interest received	0.976	0.533
15. Cash flows from operating activities (1.-14.)	**48.710**	**36.242**
16. Payments received from disposal of property, plant and equipment	0.307	0.081
17. Payments received from the disposal of financial assets	0.465	0.244
18. Payments made for investments in property, plant and equipment	-19.243	-11.765
19. Payments made for investments in intangible assets	-3.244	-3.137
20. Payments made for investments in financial assets	-0.458	-0.497
21. Cash flows from investing activities (16.-20.)	**-22.173**	**-15.074**
22. Payment received from the sale of treasury shares	0.161	0
23. Payments made to shareholders and minority shareholders	-8.099	-3.035
24. Payments received from issue of debt instruments and raising of loans	0	0
25. Payments made for discharging debt instruments and repaying loans	-2.393	-8.108
26. Cash flows from financing activities (22.-25.)	**-10.331**	**-11.143**
27. Changes in cash and cash equivalents (15.+21.+26.)	16.206	10.025
28. Effect of exchange rate changes on cash and cash equivalents	-0.011	0
29. Cash and cash equivalents at beginning of period	14.268	4.243
30. Cash and cash equivalents at end of period (27.-29.)	**30.463**	**14.268**

The consolidated cash flow statement is explained in the notes under [39].

(in EUR million or as otherwise stated)

Consolidated notes

Consolidated segment report by division

	Digital Engineering		Physical Engineering		Electrical Systems/ Electronics		Total for all divisions	
From 01.10.2007 to 30.09.2008	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
Revenues	**275.977**	**217.301**	**86.024**	**70.739**	**78.658**	**58.771**	**440.659**	**346.811**
Transfers between segments	1.668	2.901	2.392	2.632	2.383	1.750	6.443	7.283
Consolidated revenues	**274.309**	**214.400**	**83.632**	**68.107**	**76.275**	**57.021**	**434.216**	**339.528**
Operating profit	32.647	20.936	9.138	5.668	9.527	5.702	51.312	32.306
Operating margin	11.9%	9.8%	10.9%	8.3%	12.5%	10.0%	11.8%	9.5%
Non-current segment assets	29.206	21.391	25.271	20.917	4.691	3.672	59.168	45.980
Current segment assets	72.414	65.833	28.097	21.165	24.315	17.264	124.826	104.262
Non-current segment liabilities	3.014	2.663	0.844	0.721	0.880	0.725	4.738	4.109
Current segment liabilities	55.227	44.863	15.459	12.147	16.116	12.220	86.802	69.230
Capital expenditure	12.264	7.171	8.794	6.595	1.887	1.136	22.945	14.902
Depreciation	5.238	5.409	2.938	3.039	0.680	0.695	8.855	9.143

Consolidated segment report by region

	Germany		Non-Germany		Total for all divisions	
From 01.10.2007 to 30.09.2008	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
Revenues	**395.968**	**310.706**	**42.375**	**32.216**	**438.343**	**342.922**
Transfers between segments	0.759	0.378	3.368	3.016	4.127	3.394
Consolidated revenues	**395.209**	**310.328**	**39.007**	**29.200**	**434.216**	**339.528**
Operating profit	48.922	30.510	2.390	1.796	51.312	32.306
Operating margin	12.4%	9.8%	6.1%	6.2%	11.8%	9.5%
Non-current segment assets	58.383	42.252	0.785	3.728	59.168	45.980
Current segment assets	114.242	93.048	10.584	11.214	124.826	104.262
Non-current segment liabilities	4.624	3.996	0.114	0.113	4.738	4.109
Current segment liabilities	77.121	60.415	9.681	8.815	86.802	69.230
Capital expenditure	22.445	14.688	0.501	0.214	22.946	14.902
Depreciation	8.535	8.875	0.320	0.268	8.855	9.143

Consolidated segment report is explained in the notes under [40].

[1] Basis of preparation

These consolidated financial statements of Bertrandt Aktiengesellschaft, Ehningen, Germany (register number HRB 245259, commercial register of the local court of Stuttgart) for the year ending 30 September 2008 were prepared using the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Union (EU). In addition, allowance was made for the provisions to be observed in accordance with Section 315a (1) of the German Commercial Code. All compulsory standards applicable in the 2007/2008 fiscal year were applied. The consolidated financial statements have been prepared on the basis of historical cost with the exception of certain financial assets, which are measured at fair value. The consolidated financial statements were prepared in euros. Unless stated otherwise, all amounts are shown in millions of euros (EUR million).

Presentation of the annual financial statements

In accordance with International Accounting Standard (IAS) 1, the current/non-current distinction is applied to assets and liabilities in the consolidated balance sheet as well as in the consolidated segment report. Assets and liabilities are considered to be current if they are due for settlement in one year or less. Likewise, non-current assets and liabilities are those held by the Company for longer than one year. Trade receivables and payables are generally recognised in the balance sheet as current items. For reasons of clarity, advance payments received for services still to be provided are no longer reported within other current provisions but within other current liabilities. The previous year's figures have been restated in an amount of EUR 5.842 million in the interests of comparability.
Provisions for post-retirement benefits are carried under non-current liabilities to reflect their long-term nature. As a matter of principle, deferred tax assets and liabilities are classified as non-current. The income statement was prepared using the total-cost method.

Recognition, measurement and consolidation methods differing from German law

These IFRS consolidated financial statements have been prepared in accordance with the following recognition and measurement methods that differ from requirements under German legislation:

- Profit from customer orders is recognised in accordance with the percentage-of-completion method (IAS 11),
- Treasury stock is netted with capital and reserves,
- Foreign-currency receivables and liabilities are translated at the rates prevailing on the balance sheet date and the resulting changes in value are charged to the income statement,
- Deferred taxes are recognised using the balance sheet oriented liability method; deferred tax assets arising from unused tax losses are recognised if it is likely that they can be realised,
- Other provisions are not set aside if the likelihood of their being utilised is less than 50 percent,

- Assets and residual liabilities under finance leases are placed on the books in accordance with the classification criteria set out in IAS 17,
- Provisions for post-employment benefits are recognised according to the projected-unit-credit method while taking account of the future trend in salaries and the corridor rule pursuant to IAS 19,
- Goodwill arising from acquisition accounting is capitalised and an annual impairment test carried out pursuant to IFRS 3 and IAS 36,
- Internally generated intangible assets are capitalised,
- The depreciation periods for property, plant and equipment have been adjusted to match the period during which economic benefits are derived from them,
- Derivative financial instruments are recognised at their fair value and hedging relationships described in accordance with IAS 39.

International Financial Reporting Standards and Interpretations that have been published but are not yet binding

The following standards and interpretations have already been adopted by the IASB but were not yet mandatory in fiscal 2007/2008. Bertrandt AG will apply them as of the accounting period for which they become mandatory.

Standard/ Interpretation		Compulsory application	Endorsed by the EU Commission	Expected effects
IAS 1	Presentation of financial statements	01.01.2009	No	Reclassification of financial statement items
IAS 23	Borrowing costs	01.01.2009	No	None
IFRS 3	Business combinations	01.07.2009	No	Consolidation
IFRS 8	Operating segments	01.01.2009	Yes	Segment reporting
IFRIC 11	IFRS 2 – Group and treasury share transactions	01.01.2008 resp. 01.01.2009	Yes	None
IFRIC 12	Service concession agreements	01.01.2008	No	None
IFRIC 13	Customer loyalty programmes	01.07.2008	No	None
IFRIC 14	Limit on a defined benefit asset, minimum funding requirements	01.07.2008	No	None
IFRIC 15	Aggreements for the construction of Real Estate	01.01.2009	No	None
IFRIC 16	Hedges of a net investment in a foreign operation	01.10.2008	No	None
IAS 27	Consolidated and separate financial statements	01.07.2009	No	Recognition of shares with no control
IFRS 2	Share-based payment	01.01.2009	No	None
IAS 32/IAS 1	Presentation of financial instruments and financial statements	01.01.2009	No	None
IFRS 1 und IAS 27	Cost of an investment in a subsidiary, jointly-controlled entity or associate	01.01.2009	No	None
IAS 39	Financial instruments: recognition and measurement	01.07.2009	No	None
IAS 39 und IFRS 7	Reclassification of financial instruments	01.07.2009	Yes	None

[2] Companies consolidated

In addition to Bertrandt AG, the consolidated financial statements include all operating subsidiaries under the legal and constructive control of Bertrandt AG. This specifically entails the following German companies: the Bertrandt Ingenieurbüro GmbH companies in Cologne, Gaimersheim, Ginsheim-Gustavsburg, Hamburg, Munich, Neckarsulm, Tappenbeck, Bertrandt Technikum GmbH, Bertrandt Projektgesellschaft mbH and Bertrandt Services GmbH in Ehningen as well as ZR-Zapadtka + Ritter GmbH & Co. KG and ZR-Zapadtka + Ritter Geschäftsführungs GmbH, which are all consolidated. Also consolidated were the following foreign companies: Bertrandt France S.A. in Paris/Bièvres, Bertrandt S.A. in Paris/Bièvres. On 31 March 2008, Bertrandt S.A. in Sochaux was amalgamated into Bertrandt France S.A. with retroactive effect as of 1 October 2007. Accordingly, it was absorbed by Bertrandt France S.A. in Paris/Bièvres. On 1 September 2008, Bertrandt Spain S.A. in Barcelona/Esparreguera was amalgamated into Bertrandt AG with effect as of 1 February 2008. As of 1 February 2008, it continued to operate as a branch and is therefore included in Bertrandt AG's annual financial statements.

Moreover, the companies consolidated include Bertrandt UK Ltd. in Dunton, Bertrandt Sweden AB in Trollhättan and Bertrandt US Inc. in Detroit.

Companies on which Bertrandt exercises material but not dominant influence are accounted for at equity as associated companies in the consolidated financial statements. These are Bertrandt Entwicklungen AG & Co. OHG, Bertrandt Automotive GmbH & Co. KG, aucip. automotive cluster investment platform GmbH & Co. KG and aucip. automotive cluster investment platform Beteiligungs GmbH as well as Bertrandt Aeroconseil GmbH; the latter was incorporated in March of the year under review under the name Bertrandt Aerospace Beteiligungs GmbH and renamed in July of the year under review, continuing to operate under the name of Bertrandt Aeroconseil GmbH as a joint venture.

On 24 September 2008, Bertrandt AG sold its share in EUROAER GmbH with effect as of 31 December 2008. For this reason, it was reclassified as a non-current asset held for sale, having previously been accounted for at equity.

Details of the shares held by Bertrandt AG are set out in Note [51] of this report.

[3] Consolidation principles

Companies are consolidated using the acquisition method by netting the acquisition costs against the prorated remeasured equity and reserves attributable to the parent company as of the date of purchase. Any remaining difference between the purchase price and the equity is capitalised on the date of initial consolidation. A negative difference is taken directly to the income statement. Companies are consolidated for the first time on the date on which control can be exercised and deconsolidated upon such possibility being lost.

Shares in associates are carried at equity if it is possible for significant influence to be exercised (IAS 28). As a matter of principle, this is the case with voting rights of between 20 and 50 percent. The carrying amounts of associates accounted for at equity are adjusted annually to reflect any change in the equity capital of the associate attributable to the Bertrandt Group. The principles for full consolidation are also applied to the allocation and measurement of any difference in the acquisition costs of the share in the associate and the Group's proportionate share in its equity. Receivables and liabilities as well as sales, expenses and income between consolidated companies are netted. The consolidation principles are unchanged over the previous year.

[4] Currency translation

The single-entity financial statements prepared by foreign subsidiaries outside the European Monetary Union were translated to the Group's functional currency pursuant to IAS 21. As the subsidiaries carry out their business independently for financial, commercial and organisational purposes, the functional currency is identical to the currency of the country in which they are based. Accordingly, these companies' assets and liabilities are presented in the consolidated financial statements at the mean end-of-year exchange rate, while expenses and income are translated using the average annual exchange rate. Any currency differences from this as well as the translation of amounts brought forward from the previous year are charged to equity. Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Gains and losses from the settlement of such transactions as well as the transaction-date translation of monetary assets and liabilities held in a foreign currency are taken to the income statement.
The parities of the key currencies relative to the Euro were as follows:

		Mean rate on balance sheet date		Annual average rate	
		30.09.2008	30.09.2007	2007/2008	2006/2007
United Kingdom	GBP	0.7903	0.6968	0.7633	0.6757
Sweden	SEK	9.7943	9.2147	9.3817	9.2089
Switzerland	CHF	1.5774	1.6601	1.6216	1.6259
United States	USD	1.4303	1.4179	1.5030	1.3306

[5] Summary of the main recognition and measurement methods as well as the underlying assumptions

The preparation of the consolidated financial statements requires to some degree the use of estimates and assumptions that affect the assets and liabilities reported, the disclosure of contingent liabilities and receivables on the balance sheet and the income and expenses recognised. These assumptions and estimates primarily relate to the value of intangible assets, the uniform group-wide definition of the useful lives of property, plant and equipment as well as leased assets, the recoverability of receivables and the recognition and measurement of provisions. They are based on premises that in turn reflect the knowledge available at that point in time. In particular, estimates concerning the Company's expected future economic performance are based on the circumstances known as of the date on which the consolidated financial statements are prepared as well as realistic expectations as to future trends in business conditions. The amounts actually arising may vary from the original estimates as a result of unforeseeable developments beyond management's influence. In this case, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities are restated. The financial statements of Bertrandt AG, its domestic and foreign subsidiaries as well as the associates accounted for at equity are prepared using uniform recognition and measurement methods in accordance with IAS 27 and IAS 28.

Recognition of income and expenses

Revenues and other operating income are recognised once the service in question is provided or the risks pass to the customer. In the case of construction contracts for individual customers, revenues are recognised in accordance with the percentage-of-completion method, with due allowance made for threatened losses upon these becoming known. Operating expenses are charged to the income statement once the service in question is utilised or on the date on which such expenses are incurred. Provisions for guarantees were set aside at the time the corresponding revenues were recognised. Government grants are recognised only where it is reasonably certain that the applicable conditions have been met and the grants will be disbursed. They are charged to the periods in which the expenses that the grants are to cover are incurred. Interest income and expenses are recognised in the period in which they arise and income or expenses placed on the books at the end of the fiscal year.

Intangible assets

Acquired or internally generated intangible assets are recognised pursuant to IAS 38 if future economic benefits are expected to flow from the asset and it is possible to measure the cost of the asset reliably. Production costs for internally generated intangible assets do not include interest paid on borrowings.

Intangible assets are shown at cost less straight-line amortisation in accordance with their useful lives. This useful life is deemed to be three to five years with the exception of goodwill from consolidation.

Since 1 October 2003 goodwill has no longer been written down on a straight-line basis. Instead, it is subjected to an annual impairment test pursuant to IAS 36 and IFRS 3. This test is carried out at least once a year and additionally always upon the occurrence of material events or any change in circumstances. Impairment testing is based on detailed corporate forecasts covering a period of three years and an assumed growth rate of up to 1.0 percent (previous year 1.0 percent) for the following years. In addition, depending on the assessment of the beta factors, a discount rate of between 11.1 percent (previous year 9.5 percent) and 12.5 percent (previous year 11.1 percent) is applied.

The corporate forecasts take account of current knowledge as well as historical performance. The discounted cash flow method is used to calculate the value in use from the derived future cash flows of the cash generating units. If the value in use is less than the carrying amount, the latter is written down accordingly. If the reasons for impairment loss recognised in previous periods no longer apply, it is reversed with the exception of goodwill.

The main assumptions for the forecasts relating to the Digital Engineering, Physical Engineering and Electrical Systems/Electronics divisions are based on sector forecasts concerning global research and engineering requirements underlying marketing and capacity planning as well as specific contracts received from customers and specific internal adjustments, which also take account of planned cost adjustments.

Property, plant and equipment

Property, plant and equipment used in business operations for more than one year are carried at cost less scheduled depreciation. Cost includes all costs allocable to the production process as well as an appropriate part of the production-related overheads. Finance charges are not included. Scheduled depreciation is based on useful lives determined on a uniform basis within the Group. Buildings are assumed to have useful lives of between 20 and 40 years and technical equipment and machinery of five to thirteen years. Assuming normal use, plant and office equipment are written off over a period of between three and ten years. The useful lives of property, plant and equipment are reviewed on each balance sheet date and, if necessary, adjusted. New additions are generally written down using the straight-line method on a time proportionate basis.

Investment properties

Investment properties comprise those properties which Bertrandt does not use for business or administration purposes. They are recognised at cost less systematic depreciation. Buildings are assumed to have useful lives of between 25 and 40 years.

Impairment losses

Impairment losses incurred on intangible assets, plant and equipment and investment products are calculated in accordance with IAS 36 if the value in use or the net recoverable value of the asset in question has dropped below its carrying amount. If the reasons for impairment loss recognised in previous periods no longer apply, such loss is reversed with the exception of goodwill.

Financial instruments

These comprise both originated financial instruments (e.g. trade receivables and payables) and derivative financial instruments (e.g. transactions to hedge the risk of any change in value).
In accordance with IAS 39, Bertrandt AG assigns its financial instruments to the following categories:

- financial assets and liabilities at fair value through profit and loss,
- loans and receivables
- financial liabilities measured at amortised cost

Categorisation depends on the purpose for which the financial asset has been acquired or the financial liability accepted. After preliminary categorisation, the category selected is reviewed on each balance sheet date.

The reconciliation statement in Note [43] assigns the financial instruments to the various categories.

Financial assets are recognised for the first time on their settlement date and measured at their fair value including transaction costs, if any. They are then subsequently measured at amortised cost or at their fair value. Financial instruments are derecognised when the rights to payment from the investment have extinguished or have been transferred and the Group has transferred materially all of the risks and opportunities arising from ownership.

- Financial assets accounted for at equity

Shares in associated companies on which Bertrandt exercises material but not dominant influence are accounted for at equity. Similarly, joint ventures are also accounted for at equity.

- Other financial assets

Loans are recognised at amortised cost.

- Other receivables and financial assets

Other receivables and financial assets (with the exception of derivatives) are recognised at amortised cost. Adjustments are made to allow for discernible individual risks and general credit risks.

- Future receivables from construction contracts

Completed work as well as work in progress is classified as future receivables from construction contracts. Work in progress is recognised at cost plus a profit margin in line with the degree of completion provided that the economic benefits flowing from the completed work can be reliably measured. Advance payments received are netted against receivables from construction contracts.

- Trade receivables

Trade receivables are recognised at amortised cost, with due allowance made for all discernible risks.

- Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cheques received but not yet honoured and cash in hand, all of which are recognised at their nominal amounts.

- Assets held for sale

Assets are classified as held for sale in accordance with IFRS 5 if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of their carrying amount and fair value less costs to sell and are recorded separately under current assets.

- Liabilities

Liabilities are reported at amortised cost.

- Derivative financial instruments

As a service provider operating on an international level, the Bertrandt Group is exposed to interest and exchange-rate risks. These risks are hedged by means of derivative financial instruments. Interest derivatives are used to hedge and optimise net interest result on the current floating-rate debt of the Group and are classified pursuant to IAS 39 as available-for-sale financial instruments. Any changes in fair value are taken to the income statement. They are remeasured on the basis of their fair value.
Fair value is determined using acknowledged actuarial methods on the basis of mean prices. Derivative financial instruments are recorded as assets if they have a positive fair value and as liabilities if they have a negative fair value.

Inventories

This item comprises raw materials and supplies as well as goods purchased, all of which are recognised at cost or their net realisable value, whichever is the lower.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised in accordance with IAS 12 for all temporary differences between the carrying amount pursuant to IFRS and the corresponding tax base and for consolidation measures taken to the income tax statement. Deferred tax assets also include tax rebate claims arising from the expected use of loss carryforwards in future years provided that there is a reasonable likelihood of such use. Deferred taxes are calculated on the basis of the tax rates applicable or expected in the individual countries in accordance with prevailing law on the date of recognition.

Provisions

Provisions are set aside for post-retirement benefits on the basis of pension plans.
The Group operates both defined-contribution and defined-benefit pension plans.
Provisions for post-retirement benefits are calculated using the projected-unit-credit method allowing for the corridor approach as defined in IAS 19.

The defined-contribution obligations apply towards government or private pension funds in accordance with statutory or contractual provisions. Upon payment of the contributions the Company does not incur any further obligations to pay benefits.
Tax provisions are set aside for current tax obligations. Other provisions are set aside if there is any legal or constructive present obligation towards a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and a reliable estimate can be made of the amount of this obligation.
Other provisions which do not result in an outflow of resources in the following year are recognised at the present value of the settlement amount as of the balance sheet date and discounted using market interest rates.

Government grants

Government grants for investments are reported under other non-current liabilities and are released to the income statement on a straight-line basis over the expected useful life of the assets concerned.

Leasing

The Bertrandt Group leases property, plant and equipment including buildings. Economic ownership and hence the bulk of the opportunities and risks arising from these leases lies solely with the lessor (operating lease). The lease or rental payments are recorded directly as expense in the income statement.

Notes on items of the income statement

[6] Revenues

Revenues are recognised once the service in question is provided or the risks pass to the customer. Moreover, changes in inventories of completed work and work in progress measured using the percentage-of-completion method are recognised under revenues net of value added tax and all discounts and bonuses claimed.

[7] Other internally generated assets

This item comprises internally generated tangible and intangible assets recognised pursuant to IAS 16 and 38 and written down over their expected useful lives on a straight-line basis.

(in EUR million or as otherwise stated)

[8] Other operating income

Other operating income breaks down as follows in fiscal 2007/2008:

	2007/2008	2006/2007
Work-related income	**4.442**	**3.782**
of which non-cash benefits to employees	1.903	1.570
of which rental income	2.539	2.212
Non-work-related income	**1.927**	**0.510**
of which income from disposal of assets	0.109	0.037
of which income from reversal of provisions	1.536	0.404
of which income from reversal of impairment losses	0.281	0.068
of which income from receipt of derecognised receivables	0.001	0.001
Miscellaneous other operating income	**0.735**	**0.678**
of which payments for damages received	0.024	0.008
of which income from exchange-rate differences	0.292	0.040
of which miscellaneous	0.419	0.630
Total	**7.104**	**4.970**

Future rental income equals EUR 1.110 million (previous year EUR 0.812 million) for up to one year and EUR 1.120 million (previous year EUR 2.229 million) for between one and five years on account of non-terminable basic terms.

[9] Raw materials and consumables used

This item includes expenditure on raw materials and manufacturing supplies of EUR 4.449 million (previous year EUR 6.070 million) as well as expenditure on work purchased of EUR 41.471 million (previous year EUR 32.519 million).

	2007/2008	2006/2007
Expenditure on raw materials and consumables used	**4.449**	**6.070**
Expenditure on work purchased	**41.471**	**32.519**
of which CAD costs	7.485	6.496
of which external work	33.936	25.977
of which incoming freight	0.050	0.046
Total	**45.920**	**38.589**

The cost of raw materials and consumables used increased by EUR 7.331 million in the year as a result of extensions to business.

[10] Staff costs

The Bertrandt Group employed a total average of 5,543 people as of the balance sheet date:

	2007/2008	2006/2007
Technical employees	442	342
Office employees	4,683	3,637
Trainees/undergraduates	91	54
Interns/post-graduates	209	121
Temporary staff	118	86
Total	**5,543**	**4,240**

Staff costs include expenditure on wages and salaries of EUR 239.126 million (previous year EUR 183.844 million) as well as expenditure on social security of EUR 42.783 million (previous year EUR 35.104 million) including the employer contribution to the statutory pension fund and further defined-contribution expenses of EUR 20.986 million (previous year EUR 16.617 million).

	2007/2008	2006/2007
Wages and salaries	**239.126**	**183.844**
Expenditure on social security	**42.783**	**35.104**
of which employer contribution to social security	21.655	18.312
of which expenditure on post-employment benefits	21.128	16.792
Total	**281.909**	**218.948**

[11] Depreciation

Depreciation expense breaks down as follows:

	2007/2008	2006/2007
Depreciation expense for		
intangible assets	2.131	2.550
Property, plant and equipment	6.497	6.593
Investment properties	0.227	0
Total	**8.855**	**9.143**

A detailed breakdown of the depreciation expense for individual items can be seen from the Statement of Changes in Assets under the corresponding items of the notes.

[12] Other operationg expenses

Other operating expenses break down as follows:

	2007/2008	2006/2007
Miscellaneous manufacturing expenses	2.747	2.493
Office premises, furnishings and fittings	17.452	15.301
Miscellaneous staff expenses	11.445	9.012
General administrative expenses	1.469	1.391
Distribution expenses	9.200	7.331
Expenditure on exchange-rate differences	0.077	0.262
Non-work-related expenses	1.143	1.374
Other expenses	10.010	8.511
Total	**53.543**	**45.675**

Other operating expenses primarily comprise fleet costs as well as legal and consulting expense.

[13] Net finance income

Thanks to systematic group-wide liquidity management as well as the substantial net free cash flow, the net finance result further improved by around EUR 0.400 million, with the result that net finance income was achieved. Net interest income comprises interest income of EUR 0.976 million (previous year EUR 0.511 million) net of interest expense of EUR 0.386 million (previous year EUR 0.548 million). Interest expenditure on non-current bank liabilities stands at EUR 0.304 million (previous year EUR 0.450 million).

Various interest hedging instruments were sold in the year under review, resulting in proceeds totalling EUR 0.102 million. This amount is reported within other net finance result. This also includes expense of TEUR 0.102 million (previous year income of EUR 0.182 million) resulting from volatility in the fair values of derivative financial instruments.

Net finance income comprises the share of profit in associates of EUR 0.089 million (previous year EUR 0.084 million).

Net finance income breaks down as follows:

	2007/2008	2006/2007
Share of profits in associates	0.089	0.089
Interest income/expense	0.590	-0.037
Other net financial result	0	0.222
Net finance income	**0.679**	**0.274**

[14] Other taxes

Foreign tax expenditure primarily involves the subsidiaries in France.

	2007/2008	2006/2007
Domestic tax expense	0.141	0.064
Foreign tax expense	0.354	0.369
Other taxes	**0.495**	**0.433**

[15] Income taxes

Income taxes comprise corporate tax of 15.0 percent plus the solidarity surcharge of 5.5 percent as well as trade tax of 14.0 percent in Germany and comparable income taxes in other countries. In addition, this item includes deferred taxes on the temporary differences between the carrying amounts recognised pursuant to IFRS and corresponding tax bases as well as consolidation measures and, where applicable, usable loss carryforwards in accordance with IAS 12.
Income taxes thus break down as follows:

	2007/2008	2006/2007
Actual domestic tax expense	13.940	11.385
Actual foreign tax expense	0	-0.029
Actual tax expense	**13.940**	**11.356**
Deferred tax expense	1.375	-1.421
Income taxes	**15.315**	**9.935**

The income tax expense of EUR 15.315 million calculated for fiscal 2007/2008 was EUR 0.134 million lower than the expected income tax expense of EUR 15.449 million that would have arisen had the lower tax rate of 30.0 percent as a result of the 2008 Corporate Tax Reform (previous year 38.0 percent) been applied to consolidated pre-tax earnings.

Reconciliation of expected and actual income tax expense is as follows:

	2007/2008	2006/2007
Earnings before income tax	51.496	32.147
Expected tax rate	30.0%	38.0%
Expected income tax expense	**15.449**	**12.216**
Taxation differences outside Germany	-0.119	-0.293
Tax effects of payouts and pre-year tax assessments	0.016	-1.125
Tax effect of non-deductible operating expenses and other tax modifications	0.542	-0.121
Effects of changes in tax rates	0	-0.900
Differing tax treatment of legal forms of business organisation	-0.652	0.104
Other effects	0.079	0.054
Actual income tax expense	**15.315**	**9.935**
Effective tax rate	29.7%	30.9%

The taxation differences outside Germany and differing tax treatment of legal forms of business organisation items include tax resulting from adjusted loss carryforwards totalling EUR 0.488 million (previous year EUR 0.175 million). Deferred tax assets of EUR 0.325 million (previous year EUR 0.400 million) arising from tax losses were utilised in the year under review.

[16] Earnings per share

Earnings per share as defined in IAS 33 are as follows:

	2007/2008	2006/2007
Earnings after income tax	36.181	22.212
Minority interests	0	0
Profit attributable to the shareholders of Bertrandt AG	**36.181**	**22.212**
Less number of treasury shares in thousands	-0.020	-0.027
Number of shares in thousands – diluted, basic, average weighting –	**10.123**	**10.117**
Earnings per share (EUR) – diluted, basic –	**3.57**	**2.20**

[17] Further notes on the income statement in accordance with IFRS 7 (Financial Instruments)

Net gains or net losses on financial instrument by category as defined in IAS 39:

	2007/2008	2006/2007
Financial assets at fair value through profit and loss	0.062	0.372
Loans and receivables	-0.016	-0.002
Financial liabilities measured at amortised cost	0.851	-0.074
Financial liabilities at fair value through profit and loss	-0.378	-0.519
Total	**0.519**	**-0.223**

Net gains or net losses on financial instruments comprise interest, changes in the fair value of financial instruments, the results of currency translation, adjustments and any changes resulting from remeasurement of these.
Financial assets or liabilities at fair value through profit and loss comprise derivatives used for hedging interest risks. The “loans and receivables” category comprises all other financial assets, trade receivables, other assets and cash and cash equivalents. Financial liabilities measured at amortised cost entail liabilities to bank, trade payables and other liabilities.

Total interest income and total interest expense for financial assets or financial liabilities that are not at fair value through profit and loss:

	2007/2008	2006/2007
Interest income	0.855	0.458
Interest expenses	-0.373	-0.523
Total	**0.482**	**-0.065**

Impairment losses on loans and receivables came to EUR 0.351 million in the year under review (previous year EUR 0.588 million).

Notes on items in the balance sheet

Assets

Non-current assets

[18] Intangible assets

Additions to intangible assets primarily comprise CAD software licenses.
Intangible assets undergo regular impairment testing in accordance with IAS 36. No impairment was identified in the year under review. In the previous year, impairment of EUR 0.585 million had been identified, resulting in a reduction in the carrying amount to the value in use. These impairment losses were spread across all primary segments.

	Concessions and licenses	Internally generated software	Goodwill	Intangible assets
Historical costs				
Value on 01.10.2007	17.463	3.733	8.973	30.169
Currency differences	-0.003	0	0	-0.003
Additions	3.244	0	0	3.244
Disposals	0.315	3.161	0	3.476
Reclassifications	0	0	0	0
Value on 30.09.2008	20.389	0.572	8.973	29.934
Depreciation				
Value on 01.10.2007	14.315	3.710	0	18.025
Currency differences	-0.003	0	0	-0.003
Additions	2.120	0.011	0	2.131
Additions from impairment losses	0	0	0	0
Disposals	0.296	3.149	0	3.445
Reclassifications	0	0	0	0
Value on 30.09.2008	16.136	0.572	0	16.708
Residual carrying amount 30.09.2008	**4.253**	**0**	**8.973**	**13.226**
Residual carrying amount 30.09.2007	**3.148**	**0.023**	**8.973**	**12.144**
Previous year				
Historical costs				
Value on 01.10.2006	16.150	3.733	8.973	28.856
Currency differences	-0.015	0	0	-0.015
Additions	3.137	0	0	3.137
Disposals	1.799	0	0	1.799
Reclassifications	-0.010	0	0	-0.010
Value on 30.09.2007	17.463	3.733	8.973	30.169
Depreciation				
Value on 01.10.2006	14.335	2.962	0	17.297
Currency differences	-0.013	0	0	-0.013
Additions	1.802	0.163	0	1.965
Additions from impairment losses	0	0.585	0	0.585
Disposals	1.799	0	0	1.799
Reclassifications	-0.010	0	0	-0.010
Value on 30.09.2007	14.315	3.710	0	18.025
Residual carrying amount 30.09.2007	**3.148**	**0.023**	**8.973**	**12.144**
Residual carrying amount 30.09.2006	**1.815**	**0.771**	**8.973**	**11.559**

[19] Property, plant and equipment

Property, plant and equipment are carried at cost less scheduled depreciation in accordance with their respective useful lives. Regular impairment testing in accordance with IAS 36 did not result in any impairment being identified in the year under review. In the previous year, impairment testing had resulted in a reduction in the carrying amount to the net realisable value and the recognition of an impairment of EUR 1.185 million, which was spread across all primary segments.

Land and buildings are encumbered by mortgages in an amount of EUR 5.313 million (previous year EUR 6.981 million) pledged as security for long-term loans.

Reclassification primarily concerns investment properties (Note [20]).

Technical equipment and machinery as well as other equipment, plant and office equipment primarily comprise CAD machines, prototype construction equipment as well as testing facilities.

	Land and buildings	Technical equipment and machinery	Other facilities factory and office equipment	Advance payments and work in progress	Total PPE
Historical costs					
Value on 01.10.2007	22.741	29.228	35.680	1.476	89.125
Currency differences	0	0	-0.039	0	-0.039
Additions	4.384	3.241	10.823	0.795	19.243
Disposals	0	0.810	1.792	0.028	2.630
Reclassifications	-9.271	0.912	0.199	-1.381	-9.541
Value on 30.09.2008	17.854	32.571	44.871	0.862	96.158
Depreciation					
Value on 01.10.2007	6.444	22.093	26.752	0	55.289
Currency differences	0	0	-0.034	0	-0.034
Additions	0.521	1.799	4.177	0	6.497
Additions from impairment losses	0	0	0	0	0
Disposals	0	0.536	1.686	0	2.222
Reclassifications	-4.205	0	0	0	-4.205
Value on 30.09.2008	2.760	23.356	29.209	0	55.325
Residual carrying amount 30.09.2008	**15.094**	**9.215**	**15.662**	**0.862**	**40.833**
Residual carrying amount 30.09.2007	**16.297**	**7.135**	**8.928**	**1.476**	**33.836**
Prevoius year					
Historical costs					
Value on 01.10.2006	20.649	27.157	32.849	0.580	81.235
Currency differences	0	0	-0.016	0	-0.016
Additions	2.092	2.819	5.470	1.384	11.765
Disposals	0	0.970	2.654	0.245	3.869
Reclassifications	0	0.222	0.031	-0.243	0.010
Value on 30.09.2007	22.741	29.228	35.680	1.476	89.125
Depreciation					
Value on 01.10.2006	4.609	21.483	26.095	0	52.187
Currency differences	0	0	-0.014	0	-0.014
Additions	0.650	1.518	3.240	0	5.408
Additions from impairment losses	1.185	0	0	0	1.185
Disposals	0	0.908	2.579	0	3.487
Reclassifications	0	0	0.010	0	0.010
Value on 30.09.2007	6.444	22.093	26.752	0	55.289
Residual carrying amount 30.09.2007	**16.297**	**7.135**	**8.928**	**1.476**	**33.836**
Residual carrying amount 30.09.2006	**16.040**	**5.674**	**6.754**	**0.580**	**29.048**

(in EUR million or as otherwise stated)

[20] Investment properties

As of 30 September 2008, the fair values of the investment properties more or less match their carrying amounts. They were calculated using acknowledged measurement methods. However, no external independent report was used for this purpose. Rental income of EUR 0.832 million arose during the period in question.

	Investment properties
Historical cost	
Value on 01.10.2007	0
Additions	0
Disposals	0
Reclassifications	9.541
Value on 30.09.2008	9.541
Depreciation	
Value on 01.10.2007	0
Additions	0.227
Disposals	0
Reclassifications	4.205
Value on 30.09.2008	4.432
Residual carrying amount 30.09.2008	**5.109**
Residual carrying amount 30.09.2007	**0**

[21] Shares in associates and other financial assets

All shares in associates were accounted for using the equity method in the period under review with the exception of EUROAER GmbH, which was reclassified as a non-current asset held for sale as of 30 September 2008. Bertrandt AG's share of the profits of associates came to EUR 0.094 million in the year under review (previous year EUR 0.176 million).

The long-term loans granted comprise employer loans subject to an interest rate of 5.0 percent. These are due for settlement in two to five years. The carrying amounts primarily match the fair values.

	Shares in associates	Non-current loans granted	Total financial assets
Historical cost			
Value on 01.10.2007	0.288	0.809	1.097
Additions	0.089	0.458	0.547
Reclassifications	-0.096	0	-0.096
Disposals	0	0.465	0.465
Value on 30.09.2008	0.281	0.802	1.083
Depreciation			
Value on 01.10.2007	0	0	0
Additions	0	0	0
Disposals	0	0	0
Value on 30.09.2008	0	0	0
Residual carrying amount 30.09.2008	**0.281**	**0.802**	**1.083**
Residual carrying amount 30.09.2007	**0.288**	**0.809**	**1.097**
Previous year			
Historical cost			
Value on 01.10.2006	0.125	0.744	0.869
Additions	0.163	0.334	0.497
Disposals	0	0.269	0.269
Value on 30.09.2007	0.288	0.809	1.097
Depreciation			
Value on 01.10.2006	0	0	0
Additions	0	0	0
Disposals	0	0	0
Value on 30.09.2007	0	0	0
Residual carrying amount 30.09.2007	**0.288**	**0.809**	**1.097**
Residual carrying amount 30.09.2006	**0.125**	**0.744**	**0.869**

(in EUR million or as otherwise stated)

[22] Current and non-current receivables and other assets

Receivables and other assets are carried at amortised cost, which largely matches their fair value, with due allowance made for all discernible individual risks. Receivables and other assets break down as follows:

	30.09.2008	< 1 year	1-5 years	> 5 years
Trade receivables	95.917	95.917	0	0
Other assets	9.967	8.384	0.176	1.407
Total	**105.884**	**104.301**	**0.176**	**1.407**
Vorjahr	30.09.2007	< 1 year	1-5 years	> 5 years
Trade receivables	80.459	80.459	0	0
Other assets	5.410	3.850	0.124	1.436
Total	**85.869**	**84.309**	**0.124**	**1.436**

Other current assets include receivables from employees, tax refund claims, refund claims from social security funds, other current receivables as well as advance payments made for services, the corresponding expense for which is to be allocated to future periods.
Other non-current assets comprise reinsurance claims of EUR 1.195 million (previous year EUR 1.052 million) and derivative financial instruments of EUR 0.234 million (previous year EUR 0.438 million). The carrying amount represents the maximum default risk for the derivative financial instruments. Adjustments of EUR 1.460 million (previous year EUR 1.534 million) were included.

[23] Current and non-current income tax assets

This item comprises the corporate tax refund claim in accordance with the Act on Ancillary Tax Measures for the Introduction of the European Corporation and to Adjust Other Tax Rules (SEStEG).

[24] Deferred taxes

Deferred taxes result from temporary differences between the carrying amounts used for the IFRS balance sheet and the tax base, from IFRS-based valuation as well as from the tax losses that are likely to be capable of being used. Deferred taxes were calculated in accordance with the rules laid down in IAS 12, according to which deferred taxes are determined on the basis of the tax rates applicable or expected in the individual countries in accordance with prevailing law on the date of recognition.

Deferred tax assets and liabilities break down as follows:

	30.09.2008		30.09.2007	
	Defferred tax assets	Defferred tax liabilities	Defferred tax assets	Defferred tax liabilities
Non-current assets	0.068	2.029	0.106	1.820
Inventories	0	3.794	0	2.667
Post-retirement benefit provisions	0.008	0.013	0.009	0.020
Other provisions	1.369	0	1.317	0
Unused tax losses	0.503	0	1.048	0
Liabilities	0	0	0.032	0
Consolidation	0	1.052	0	1.052
Other items	0.447	0.325	0.090	0.415
Total	**2.395**	**7.213**	**2.602**	**5.974**

Of the deferred tax assets, EUR 1.057 million (previous year EUR 1.385 million) have a residual maturity of more than one year. Of the deferred tax liabilities, EUR 4.119 million (previous year EUR 2.743 million) are current and EUR 3.094 million (previous year EUR 3.231 million) are non-current. In addition to the deferred tax assets arising from tax losses, there are unused tax losses from both German and foreign business in an amount of EUR 11.989 million (previous year EUR 14.850 million) not subject to any time limit with respect to their utilisation. In individual countries, utilisation is restricted to a 15-year period.

[25] Inventories

The Bertrandt Group's inventories were valued as follows on the balance sheet date:

	30.09.2008	30.09.2007
Raw materials and manufacturing supplies	**0.466**	**0.371**

[26] Future receivables from construction contracts

Future receivables from construction contracts, which comprise work in progress as well as work that has been completed but not yet delivered, are measured using the percent-of-completion method. The percent of completion is determined by comparing the costs incurred with the total costs (cost-to-cost method). Work that has been completed but not yet delivered is measured at the value of the contract in question.

	30.09.2008	30.09.2007
Construction contracts not yet completed	16.798	21.424
Completed construction contracts	15.842	11.039
Advance payments received on construction contracts	-4.196	-9.031
Total	**28.444**	**23.432**

[27] Cash and cash equivalents

Cash and cash equivalents primarily comprise cash at hand, bank balances and cheques. Foreign-currency balances were translated into the Group currency at the mean exchange rate prevailing on 30 September 2007. Cash and cash equivalents are due for settlement in less than three months. Cash and cash equivalents are broken down in the cash flow statement.

[28] Assets held for sale

The share in EUROAER GmbH, which had previously been accounted for at equity, was reclassified as an asset held for sale. An impairment test in accordance with IAS 36 resulted in the recognition of an impairment loss of EUR 0.045 million. The resultant fair value stands at EUR 0.051 million.

Equity and liabilities

Capital and reserves

[29] Issued capital

Bertrandt AG's subscribed capital amounted to EUR 10,143,240 on 30 September 2008 and was paid in full. It is thus divided into 10,143,240 no-par-value shares with a notional value of EUR 1.00 each.

Authorised capital

The Management Board is authorised to increase the share capital with the Supervisory Board's approval by issuing new shares on a cash or non-cash basis once or multiple times up to a maximum amount of EUR 4 million by 31 January 2010.

The Management Board is authorised with the Supervisory Board's approval
a) to exclude the shareholders' subscription rights once or repeatedly, however only up to a total of EUR 1 million, if the issue amount of the new shares falls short by no more than five percent of the average price of Bertrandt AG stock for the five trading days preceding the date on which the Management Board passes the resolution to issue the new shares. For this purpose, the applicable price equals the closing price in XETRA trading (or a comparable replacement system) for Bertrandt AG stock;
b) to exclude the shareholders' subscription rights once or repeatedly, however only up to a total of EUR 3 million, if the non-cash equity issue is for the purpose of acquiring all or part of other companies;
c) to exclude the shareholders' subscription rights to fractional amounts.

[30] Share premium

The share premium comprises solely the premium on the issue of new shares.

[31] Retained earnings

The statutory reserves included in retained earnings amount to EUR 1.014 million (previous year EUR 1.014 million). The balance is constituted by other retained earnings.

Translation differences arising from the consolidation of the subsidiaries' equity are netted with retained earnings.
On the balance sheet date, the Company held 19,884 treasury shares, which were netted with retained earnings at their acquisition cost of EUR 0.412 million. In connection with the November 2007 staff stock programme, a total of 6,748 shares were sold to employees of Bertrandt AG, resulting in a drop in treasury stock in fiscal 2007/08. These treasury shares account for 0.2 percent of the Company's issued capital.

[32] Minority interests

Shares held by other parties are recognised as an equity component and are assigned to minority interests.

Non-current liabilities

[33] Provisions for post-employment benefits

Provisions for post-employment benefits are calculated using the internationally standard projected-unit-credit method stipulated by IAS 19 in the light of foreseeable future trends on the basis of the following assumptions:

	30.09.2008	30.09.2007
Interest rate	6.75%	5.50%
Assumed rate of salary increase	2.50%	2.50%
Assumed rate of pension increase	1.75-2.5%	2.50%
Probability of mortality and invalidity according to Heubeck	2005G	2005G
Valuation of widow (pension) entitlement	Collective	Collective
Retirement age	65 years	65 years
Average remaining life expectancy of persons with active entitlement	13 -16 years	14 years

As of 30 September 2008, the provisions for post-employment benefits increased by EUR 0.142 million (previous year EUR 0.175 million) to EUR 1.863 million (previous year EUR 1.721 million).

Net expenditure on post-employment benefit plans in fiscal 2007/2008 breaks down as follows:

	2007/2008	2006/2007
Service cost	0.040	0.050
Interest expense	0.102	0.098
Amortisation of actuarial gains/losses	0	0.027
Total	**0.142**	**0.175**

(in EUR million or as otherwise stated)

The actuarial present value of pension obligations changed as follows:

	30.09.2008	30.09.2007
Present value at beginning of year	**1.850**	**2.183**
Service cost	0.040	0.050
Interest expense	0.102	0.098
Actuarial gain (-) / loss (+)	-0.460	-0.481
Present value at the end of year	**1.532**	**1.850**

The actuarial present value of the obligations arising in earlier years came to EUR 2.183 million as of 30 September 2006 and to EUR 2.186 million as of 30 September 2005. The actuarial gains (-)/losses (+) from historical adjustments came to EUR -0.014 million in fiscal 2007/2008, EUR -0.013 million in fiscal 2006/2007 and EUR -0.012 million in fiscal 2005/2006.
The funding of post-employment benefit obligations breaks down as follows as of 30 September 2008:

	30.09.2008	30.09.2007
Actuarial present value of benefit entitlement not financed by investment funds	1.532	1.850
Adjustment for actuarial gains not yet netted (previous year losses)	0.331	-0.129
Net post-employment benefit plan obligations pursuant IAS 19	**1.863**	**1.721**

[34] Current and non-current other provisions

Other provisions are set aside whenever there is a current legal or constructive obligation towards a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and a reliable estimate can be made of the amount of this obligation. Other provisions break down as follows:

	Personnel provisions	Provisions for ongoing business operations	Other provisions	Unallo-cated provisions	of which less than 1 year	of which more than 1 year
Value on 01.10.2007	**20.336**	**5.758**	**5.867**	**31.961**	**28.584**	**3.377**
Currency difference	-0.006	-0.032	-0.004	-0.042		
Utilisation	18.352	4.533	2.935	25.820		
Reversal	0.474	0.540	0.522	1.536		
Addition	25.433	4.264	6.156	35.853		
Value on 30.09.2008	**26.937**	**4.917**	**8.562**	**40.416**	**36.269**	**4.147**

Personnel provisions primarily comprise amounts for profit sharing arrangements and bonuses as well as handicapped employee levies and dues for industrial compensation societies. Provisions for ongoing business operations essentially comprise guarantee obligations and threatened losses from pending transactions.
Other provisions have been set aside for numerous discernible individual risks.

[35] Current and non-current borrowings

There were no liabilities under finance leases as of the balance sheet date. Current liabilities to banks arising from the utilisation of overdraft facilities are negligible. Borrowings primarily relate to investments in machinery, technical equipment, real estate and shares in associates, which are financed by means of long-term bank loans with fixed regular repayments.
Borrowings were down substantially on the previous year. As in the previous year, ongoing investments were financed from the cash flow.

	30.09.2008	< 1 year	1-5 years	> 5 years
Borrowings	**5.431**	**0.708**	**3.499**	**1.224**
Previous year	30.09.2007	< 1 year	1-5 years	> 5 years
Borrowings	**7.823**	**1.624**	**4.255**	**1.944**

(in EUR million or as otherwise stated)

The interest rates are between 4.2 percent and 6.1 percent (domestic) for non-current borrowings and between 5.1 percent and 9.0 percent for current borrowings (domestic and foreign).
The carrying amount largely matches the fair value due to ongoing monitoring and regular interest-adjustment dates.

[36] Current and non-current other liabilities

The carrying amounts of the other liabilities, all of which are current in nature, largely match their fair values and break down as follows:

	30.09.2008	< 1 year	1-5 years	> 5 years
Taxes	7.693	7.693	0	0
Payroll and church tax	3.890	3.890	0	0
Social security	1.081	1.081	0	0
Wages and salaries	0.810	0.810	0	0
Personnel obligations	16.219	16.219	0	0
Derivate financial instruments	0	0	0	0
Advance payments received for outstanding services	11.458	11.458	0	0
Miscellaneous other	2.175	1.584	0.591	0
Other liabilities	**43.326**	**42.735**	**0.591**	**0**

Previous year	30.09.2007	< 1 year	1-5 years	> 5 years
Taxes	8.179	8.179	0	0
Payroll and church tax	2.942	2.942	0	0
Social security	1.011	1.011	0	0
Wages and salaries	0.510	0.510	0	0
Personnel obligations	12.582	12.582	0	0
Derivate financial instruments	0.107	0	0.107	0
Advance payments received for outstanding services	5.842	5.842	0	0
Miscellaneous other	2.983	2.358	0.625	0
Other liabilities	**34.156**	**33.424**	**0.732**	**0**

The Company did not have any interest swaps on its books as of the balance sheet date (previous year EUR 2.000 million). The fair values for the previous year had been calculated on the basis of standard market interest forward curves and came to EUR 0.107 million on the balance sheet date.
Other liabilities include an investment grant of EUR 0.625 million (previous year EUR 0.660 million), which was received as a government grant for a realised investment. In accordance with IAS 20, an amount of EUR 0.035 million (previous year EUR 0.036 million) was released to the income statement in accordance with the useful life of the assets concerned.

Current liabilities

[37] Tax provisions

Tax provisions have primarily been set aside for income tax. Deferred taxes are shown as separate items in the balance sheet.

[38] Trades payable

The carrying amounts more or less match the market values and are due for settlement in less than one year.

	30.09.2008	30.09.2007
Trade payables	**7.797**	**7.222**

[39] Notes on the cash flow statement

The cash flow statement shows how the Bertrandt Group's liquidity position has changed in the course of the year under review as a result of cash inflows and outflows regardless of the structure of the balance sheet. In accordance with IAS 7, cash flows are distinguished according to operating, investing and financing activities. The item cash and cash equivalents comprises solely the cash and cash equivalents recognised on the face of the consolidated balance sheet. The changes in the individual items are derived from the consolidated balance sheet and income statement.
Using net profit after tax as a basis, the cash flow statement was prepared in accordance with the indirect method. Net profit after tax was adjusted for non-cash expenses and income. Allowing for changes in working capital, this produces cash flow from operating activities of EUR 48.7102 million (previous year EUR 36.242 million).

There was a net cash outflow from investing activities of EUR -22.173 million (previous year EUR -15.074 million), which primarily comprised cash outflows for additions to assets. There was a net cash outflow from financing activities of EUR -10.331 million (previous year EUR -11.143 million) due to dividend payments and the repayment of loans. The net free cash inflow of EUR 26.537 million (previous year EUR 21.168 million) resulted in an increase in cash and cash equivalent to EUR 30.463 million (previous year EUR 14.268 million).

[40] Notes on segment reporting

The Physical Engineering division is made up of activities related to model construction, trials, vehicle bodies, rapid prototyping and rapid tooling as well as the construction of steel-plate prototypes and plastics engineering. The Electrical Systems/ Electronics division entails conventional automotive electrical systems together with modern automotive electronics, including the development of electronic modules such as onboard networks, software and simulated deployment.

Segment information is based on the same recognition and measurement methods as the consolidated financial statements. Receivables and liabilities, income and expenses as well as intra-group results have been eliminated for reconciliation purposes. Internal revenues are invoiced at normal market prices in compliance with the arm’s length principle. The assets assigned to the individual divisions comprise the intangible assets, property, plant and equipment, inventories and receivables required to operate the segment.

Segment liabilities include other provisions, trade payables and other liabilities.

Goodwill breaks down as follows: Digital Engineering EUR 6.064 million (previous year EUR 6.064 million) and Physical Engineering EUR 2.909 million (previous year EUR 2.909 million).

The following table reconciles the segment report by division and region on the one hand with the figures carried in the income statement and the balance sheet on the other:

	Total for segments and regions		Reconciliation		Group	
	2007/2008	2006/2007	2007/2008	2006/2007	2007/2008	2006/2007
Non-current assets	59.168	45.980	6.152	6.465	65.320	52.445
Current assets	124.826	104.262	39.188	18.288	164.014	122.550
Assets held for sale	0	0	0.051	0	0.051	0
Non-current liabilities	4.738	4.109	13.799	13.894	18.537	18.003
Current liabilities	86.802	69.230	18.680	10.201	105.482	79.431

Other disclosures

[41] Collateral provided

Collateral provided at the Group level came to EUR 5.313 million (previous year EUR 6.999 million) on 30 September 2008.

	30.09.2008	30.09.2007
Land charges	5.313	6.981
Collateral pledges	0	0.018
Total	**5.313**	**6.999**

They comprise solely collateral pledged to banks.

[42] Other financial obligations

Future financial obligations resulting from rental, maintenance and leasing contracts, which are carried at their nominal values, fall due as follows:

	30.09.2008	30.09.2007
< 1 year	21.847	19.041
1-5 years	20.591	19.662
> 5 years	22.094	16.138
Total	**64.532**	**54.841**

The total primarily comprises real estate rental contracts and leases of EUR 50.198 million (previous year EUR 41.407 million).

(in EUR million or as otherwise stated)

[43] Further notes on the balance sheet in accordance with IFRS 7 (Financial Instruments)

The following table reconciles the line items of the balance sheet with the categories of financial instruments broken down by the carrying amounts and fair values of the financial instruments.

	Measured at fair value	Measured at amortised cost		Outside the scope of IFRS 7	**Balance sheet item 30.09.2008**
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Non-current assets					
Shares in associates				0.281	**0.281**
Other financial assets		0.802	0.802		**0.802**
Receivables and other assets	0.234	1.349	1.349		**1.583**
Current assets					
Receivable from construction contracts		28.444	28.444		**28.444**
Receivables and other assets		99.757	99.757	4.544	**104.301**
Cash and cash equivalents		30.463	30.463		**30.463**
Assets held for sale				**0.051**	**0.051**
Non-current liabilities					
Borrowings		4.723	4.723		**4.723**
Other liabilities				0.591	**0.591**
Current liabilities					
Borrowings		0.708	0.708		**0.708**
Trade payables		7.797	7.797		**7.797**
Other liabilities		13.548	13.548	29.187	**42.735**

Previous year	Measured at fair value	Measured at amortised cost		Outside the scope of IFRS 7	**Balance sheet item 30.09.2007**
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Non-current assets					
Shares in associates				0.288	**0.288**
Other financial assets		0.809	0.809		**0.809**
Receivables and other assets	0.438	1.122	1.122		**1.560**
Current assets					
Receivable from construction contracts		23.432	23.432		**23.432**
Receivables and other assets	0.009	81.834	81.834	2.466	**84.309**
Cash and cash equivalents		14.268	14.268		**14.268**
Assets held for sale				**0**	**0**
Non-current liabilities					
Borrowings		6.199	6.199		**6.199**
Other liabilities	0.107			0.625	**0.732**
Current liabilities					
Borrowings		1.624	1.624		**1.624**
Trade payables		7.222	7.222		**7.222**
Other liabilities		8.721	8.721	24.703	**33.424**

[44] Management of financial risks

Hedging policies and principles of financial risk management

As a service provider operating on an international level, the Bertrandt Group is exposed to financial risks. Bertrandt primarily distinguishes the following types of risks:

1. Liquidity risk
2. Default and credit risk
3. Market price risk

Group Treasury is responsible for managing, monitoring and addressing financial risks with the aim of recognising them in good time and taking suitable measures to limit them.

1. Liquidity risk

Liquidity risks can arise from a deterioration in operating business or as a result of credit and market price risks. The Bertrandt Group manages liquidity risks by means of short and long-term liquidity planning in the light of existing credit facilities. These plans are monitored and updated on an ongoing basis. There are cash pooling arrangements in force with Bertrandt AG's domestic subsidiaries via banks. The foreign subsidiaries are funded by means of loans provided by banks or Group companies. In addition, the Bertrandt Group has sufficient unused credit facilities as well as access to alternative financing instruments. A large part of the current account contracts are hedged for a period of 36 months.
The following table sets out the agreed (undiscounted) interest and capital payments on originated financial liabilities and derivative financial instruments.

	Carrying amount	Payment obligations		
	30.09.2008	2008/2009	2009/2010 until 2011/2012	2012/2013 and beyond
Originated financial liabilities				
Borrowings	5.431	0.962	2.331	3.554
Trade payables	7.797	7.797	0	0
Other liabilities	43.326	42.735	0.591	0
Derivative financial liabilities				
Interest derivatives	0	0	0	0
Previous year	30.09.2007	2007/2008	2008/2009 until 2010/2011	2011/2012 and beyond
Originated financial liabilities				
Borrowings	7.823	2.838	2.422	4.297
Trade payables	7.222	7.222	0	0
Other liabilities	34.156	33.424	0.732	0
Derivative financial liabilities				
Interest derivatives	0.107	0.023	0.084	0

Financial instruments for which payments have already been agreed as of the balance sheet date are included in the portfolio. Payment obligations under floating-rate financial instruments were calculated using the interest rates last determined prior to the balance sheet date. This does not include budgeted figures for future liabilities. Foreign-currency items were translated using the spot exchange rate prevailing on the balance sheet date. Financial liabilities repayable on demand were assigned to the shortest maturity band.

(in EUR million or as otherwise stated)

2. Default and credit risk

Default refers to the risk of loss if a debtor is unable to satisfy its payment obligations. As a matter of principle, Group policy provides for all transactions to be entered into solely with counterparties with an investment-grade rating. The risk of customer default is very largely averted by means of preventive credit rating checks and ongoing monitoring of accounts receivable. To date there have been no material losses of receivables. Bertrandt therefore assumes that barring any change in underlying conditions this risk will remain relatively small in the future. Adjustments are made to existing receivables to allow for the risk of default. The carrying amount of EUR 106.686 million (previous year EUR 86.678 million) of the receivables, other assets and other financial assets recorded in the balance sheet equals the maximum default risks.
The risk in connection with other financial assets and other assets is also negligible. In particular, cash and cash equivalents are placed in short-term investments free of any risk exposure. Accordingly, cash and cash equivalents are not exposed to any default risk.
The following table analyses the credit and default risk applicable to financial assets by gross carrying amounts.

	Neither past due nor impaired	Past due and not impaired	Impaired	**30.09.2008**
Other financial assets	0.802	0	0	**0.802**
Trade receivables	62.468	33.302	1.607	**97.377**
Other assets	9.967	0	0	**9.967**
	73.237	**33.302**	**1.607**	**108.146**

Previous year	Neither past due nor impaired	Past due and not impaired	Impaired	**30.09.2007**
Other financial assets	0.809	0	0	**0.809**
Trade receivables	59.548	20.719	1.726	**81.993**
Other assets	5.410	0	0	**5.410**
	65.767	**20.719**	**1.726**	**88.212**

The following table breaks down the age of financial assets past due as at the reporting date but not impaired.

	up to 30 days	31 to 90 days	more than 90 days	**30.09.2008**
Other financial assets	0	0	0	**0**
Trade receivables	18.318	12.782	2.202	**33.302**
Other assets	0	0	0	**0**
	18.318	**12.782**	**2.202**	**33.302**
Previous year	up to 30 days	31 to 90 days	more than 90 days	**30.09.2007**
Other financial assets	0	0	0	**0**
Trade receivables	10.375	7.871	2.473	**20.719**
Other assets	0	0	0	**0**
	10.375	**7.871**	**2.473**	**20.719**

Analysis of the financial assets determined to be impaired:

	2007/2008	2006/2007
Impairments		
Value on 01.10.	**1.534**	**1.177**
Addition	0.223	0.431
Utilisation	0.126	0.035
Reversal	0.156	0.033
Currency difference	-0.015	-0.006
Value on 30.09.	**1.460**	**1.534**

In the year under review, expense from derecognised receivables came to EUR 0.128 million (previous year EUR 0.157 million), while income from derecognised receivables stood at EUR 0.001 million (previous year EUR 0.001 million).

(in EUR million or as otherwise stated)

3. Market price risk

The Company is exposed to market price risks, i.e. primarily risks arising from changes in interest and exchange rates. The Group pursues a strategy of hedging risks in an appropriate manner. Accordingly, long-term finance is generally arranged on a fixed-term basis. In addition, Group Treasury utilises suitable medium-term interest derivatives to hedge the interest risk from ongoing utilisation of current accounts. Possible foreign currency risks are addressed by ensuring that as far as possible transactions are invoiced in the applicable functional currency. Failing this, currency forwards as well as combined interest/currency swaps are used to hedge the risk. Such hedges are transacted centrally via Group Treasury.
The following table sets out the hedges outstanding as of the balance sheet date.

	Nominal volume		Fair value	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Swaps	**0**	**2.212**	**0**	**-0.102**
< 1 year	0	0.212	0	0.005
1-5 years	0	2.000	0	-0.107
5-10 years	0	0	0	0
Caps	**5.000**	**10.000**	**0.234**	**0.438**
< 1 year	0	0	0	0
1-5 years	2.000	4.000	0.023	0.054
5-10 years	3.000	6.000	0.211	0.384
Currency forwards	**0**	**0.248**	**0**	**0.004**
< 1 year	0	0.248	0	0.004
1-5 years	0	0	0	0
Total	**5.000**	**12.460**	**0.234**	**0.340**

In accordance with IFRS 7, a sensitivity analysis is performed of the interest risks to which the Company is exposed. This shows the effects of changes in market interest rates on interest payments as well as interest income and expenses. In this connection, it should be noted that financial instruments measured at amortised cost, which are therefore subject to a fixed rate of interest, are not exposed to any interest risks as defined in IFRS 7. If the market interest rate were to rise (fall) by 100 basis points, profit or loss would be EUR 0.453 million higher or EUR 0.422 million lower (previous year EUR 0.386 million higher or EUR 0.347 million lower).
The Bertrandt Group is exposed to only a small foreign currency risk as all business is as a matter of principle invoiced in the local functional currency. Accordingly, a change in the value of the euro against the foreign currency in question has only a minor influence on profit or loss.

[45] Disclosures on capital management

The Bertrandt Group pursues the goal of safeguarding its going-concern status on a long-term basis and protecting the interests of its shareholders, employees and all other users of this annual report.

The capital structure is managed in the light of any changes in general economic conditions and risks arising from underlying assets.
The Bertrandt Group is committed to a strategy of steady and enduring growth in its enterprise value.
The Bertrandt Group's equity capital matches the equity capital shown on the face of the balance sheet. The ratio of equity capital to total assets (equity ratio) stood at 45.9 percent as of 30 September 2008 (previous year 44.3 percent).
Further information can be found in the management report (from page 20) and the statement of changes in equity capital.

[46] Disclosures pursuant to Sections 21

Disclosure pursuant to Section 21 (1) of the German Securities Trading Act

Vermögensverwaltungsgesellschaft Familie Bichler bR, Iptingen represented by ist shareholder/managing director Dietmar Bichlar, Germany, notified us pursuant to Section 21 (1) Sentence 1 of the German Securities Trading Act that it had dropped below the 10 percent threshold of the voting capital in Bertrandt Aktiengesellschaft, Ehningen on 25 August 2004. As of 25 August 2004, it holds 6.82 percent of the voting capital.

Disclosure pursuant to Sections 21 (1) and 22 (1) Sentence 1, Number 1 of the German Securities Trading Act

Mr Dietmar Bichler, Germany, notified us pursuant to Sections 21 (1), 22 (1) Sentence 1, Number 1 of the German Securities Trading Act that his share of the voting rights in Bertrandt Aktiengesellschaft, Ehningen had dropped below the 10 percent threshold of the voting capital on 25 August 2004. As of 25 August 2004, he holds 7.81 percent of the voting capital. Of this share, a total of 6.82 percent of the voting capital is attributable to him via Vermögensverwaltungsgesellschaft Familie Bichler bR, Iptingen pursuant to Section 22 (1) Sentence 1 Number 1 of the German Securities Trading Act.

Disclosure pursuant to Section 21 (1) of the German Securities Trading Act

In a letter dated 4 October 2005, Absolute Return Europe Fund, George Town, Grand Cayman, Cayman Islands, notified us pursuant to Section 21 (1) of the German Securities Trading Act that its share in the voting capital of Bertrandt Aktiengesellschaft had dropped below the 5 percent threshold on 31 August 2005 and now stood at 2.89 percent.

Disclosure pursuant to Sections 21 (1), 22 (1) Sentence 1, Number 1 and Number 6, Sentence 2 of the German Securities Trading Act

In a letter dated 15 December 2005, which we received on 23 December 2005, CSI Asset Management Establishment, Vaduz, Liechtenstein notified us pursuant to Section 21 (1) of the German Securities Trading Act that its share in the voting capital of Bertrandt AG had dropped below the 5% voting rights threshold on 12 December 2005 and now stood at 3.77%. Of this, 3.77% of the voting rights are attributable to CSI Asset Management Establishment pursuant to Section 22 (1) Number 1 and Number 6 in connection with Sentence 2 of the German Securities Trading Act.

Disclosure pursuant to Sections 21 (1), 22 (1) Sentence 1, Number 1 and Number 6 of the German Securities Trading Act

In a letter dated 15 December 2005, which we received on 23 December 2005, Absolute Capital Management Holding Limited, Grand Cayman, Cayman Islands, notified us pursuant to Section 21 (1) of the German Securities Trading Act that its share in the voting capital of Bertrandt AG had dropped below the 5% voting right threshold on 12 December 2005 and now stood at 3.77%. Of this, 3.77% of the voting rights are attributable to Absolute Capital Management Holdings Limited pursuant to Section 22 (1) Number 1 and Number 6 of the German Securities Trading Act.

Disclosure pursuant to Sections 21 (1), 41 (3) and 41 (2) Sentence 1 of the German Securities Trading Act

In accordance with Section 21 (1) of the German Securities Trading Act, Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart informed us on 24 March 2006 that the share held by Dr. Ing. h.c. F. Porsche Aktiengesellschaft in the voting capital of Bertrandt AG

- exceeded the 25 percent threshold on 11 February 2002 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 26 February 2002 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 19 March 2003 and thereupon stood at 25.01 percent;
- reached the 25 percent threshold on 26 September 2003 and thereupon stood at 25.00 percent;
- dropped below the 25 percent threshold on 29 September 2003 and thereupon stood at 24.99 percent;
- exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 1 September 2004 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent, and
- exceeded the 25 percent threshold on 24 October 2005, thereupon stood at 25.01 percent and now stands at 25.14 percent.

In accordance with Section 41 (2) Sentence 1 of the German Securities Trading Act, Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart sent us a message on 24 March 2006 correcting its disclosure of 25 April 2002 according to which the share held by Dr. Ing. h.c. F. Porsche Aktiengesellschaft in the voting rights of Bertrandt AG stood at 24.99 percent on 1 April 2002 and retracted the aforementioned disclosure of 25 April 2002.

Disclosure pursuant to Sections 21 (1) Sentence 1, 22 (1) Sentence 1, Number 1, 41 (3) and 41 (2) Sentence 1 of the German Securities Trading Act

1. Disclosure pursuant to Sections 21 (1) Sentence 1 and 22 (1) Sentence 1, Number 1, of the German Securities Trading Act

a) In accordance with Section 21 (1) Sentence 1 of the German Securities Trading Act, Porsche GmbH, Stuttgart, Porsche GmbH, Salzburg (Austria), Louise Daxer-Piëch GmbH, Stuttgart, Ferdinand Alexander Porsche GmbH, Stuttgart, Gerhard Porsche GmbH, Stuttgart, Wolfgang Porsche GmbH, Stuttgart, Hans-Peter Porsche GmbH, Stuttgart, Porsche Holding Gesellschaft m.b.H., Salzburg (Austria), Louise Daxer-Piëch GmbH, Salzburg (Austria), Prof. Ferdinand Alexander Porsche GmbH, Salzburg (Austria), Gerhard Anton Porsche GmbH, Salzburg (Austria), Ing. Hans-Peter Porsche GmbH, Salzburg (Austria), Louise Daxer-Piëch, Vienna (Austria), Mag. Josef Ahorner, Vienna (Austria), Mag. Louise Kiesling, Vienna (Austria), Prof. Ferdinand Alexander Porsche, Gries/Pinzgau (Austria), Dr. Oliver Porsche, Salzburg (Austria), Kai-Alexander Porsche, Innsbruck (Austria), Mark Philipp Porsche, Innsbruck (Austria), Gerhard Anton Porsche, Mondsee (Austria), Dr. Wolfgang Porsche, Munich, Hans-Peter Porsche, Salzburg (Austria) and Peter Daniell Porsche, Hallein/Rif (Austria) each informed us on 27 March 2006 that the share in the voting capital of Bertrandt AG held by each of the aforementioned disclosing parties

- exceeded the 25 percent threshold on 11 February 2002 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 26 February 2002 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 19 March 2003 and thereupon stood at 25.01 percent;
- reached the 25 percent threshold on 26 September 2003 and thereupon stood at 25.00 percent;
- dropped below the 25 percent threshold on 29 September 2003 and thereupon stood at 24.99 percent;
- exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 01 September 2004 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent, and
- exceeded the 25 percent threshold on 24 October 2005, thereupon stood at 25.01 percent and now stands at 25.14 percent and that the aforementioned shares in the voting rights were or are attributable to the disclosing parties in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

b) In accordance with Section 21 (1) Sentence 1 of the German Securities Trading Act, Familie Porsche Beteiligung GmbH, Stuttgart informed us on 27 March 2006 that the share held by Familie Porsche Beteiligung GmbH in the voting capital of Bertrandt AG

- exceeded the 5 percent and 10 percent thresholds on 30 December 2002 and thereupon stood at 24.99 percent;
- exceeded the 25 percent threshold on 19 March 2003 and thereupon stood at 25.01 percent;
- reached the 25 percent threshold on 26 September 2003 and thereupon stood at 25.00 percent;
- dropped below the 25 percent threshold on 29 September 2003 and thereupon stood at 24.99 percent;
- exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 01 September 2004 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent, and
- exceeded the 25 percent threshold on 24 October 2005, thereupon stood at 25.01 percent and now stands at 25.14 percent and that the aforementioned shares in the voting capital were or are attributable to Familie Porsche Beteiligung GmbH in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

c) In accordance with Section 21 (1) Sentence 1 of the German Securities Trading Act, Familie Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart informed us on 27 March 2006 that the share held by Familie Porsche-Daxer-Piëch Beteiligung GmbH in the voting capital of Bertrandt AG

- exceeded the 5 percent and 10 percent thresholds on 19 December 2003 and thereupon stood at 24.99 percent;
- exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 01 September 2004 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;

- dropped below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent, and
- exceeded the 25 percent threshold on 24 October 2005, thereupon stood at 25.01 percent and now stands at 25.14 percent and that the aforementioned shares in the voting capital were or are attributable to Familie Porsche-Daxer-Piëch Beteiligung GmbH in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

d) In accordance with Section 21 (1) Sentence 1 of the German Securities Trading Act Ferdinand Piëch GmbH, Wiernsheim, Hans-Michel Piëch GmbH, Wiernsheim, Dipl.-Ing. Dr.h.c. Ferdinand Piëch GmbH, Salzburg (Austria), Dr. Hans Michel Piëch GmbH, Salzburg (Austria), Dr. Ferdinand Piëch, Salzburg (Austria), and Dr. Hans Michel Piëch, Salzburg (Austria), each informed us on 27 March 2006 that the share in the voting capital of Bertrandt AG held by each of the aforementioned disclosing parties

- exceeded the 25 percent threshold on 11 February 2002 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 26 February 2002 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 19 March 2003 and thereupon stood at 25.01 percent;
- reached the 25 percent threshold on 26 September 2003 and thereupon stood at 25.00 percent;
- dropped below the 25 percent threshold on 29 September 2003 and thereupon stood at 24.99 percent;
- exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 01 September 2004 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- dropped below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent, and
- exceeded the 25 percent threshold on 24 October 2005, thereupon stood at 25.01 percent and now stands at 25.14 percent and that the aforementioned shares in the voting rights were or are attributable to the disclosing parties in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

2. Disclosure pursuant to Sections 41 (2) Sentence 1 and 22 (1) Sentence 1, Number 1, of the German Securities Trading Act

a) In accordance with Section 41 (2) Sentence 1 of the German Securities Trading Act, Porsche GmbH, Stuttgart, Porsche GmbH, Salzburg (Austria), Louise Daxer-Piëch GmbH, Stuttgart, Ferdinand Alexander Porsche GmbH, Stuttgart, Gerhard Porsche GmbH, Stuttgart, Wolfgang Porsche GmbH, Stuttgart, Hans-Peter Porsche GmbH, Stuttgart, Porsche Holding Gesellschaft m.b.H., Salzburg (Austria), Louise Daxer-Piëch GmbH, Salzburg (Austria), Prof. Ferdinand Alexander Porsche GmbH, Salzburg (Austria), Gerhard Anton Porsche GmbH, Salzburg (Austria), Ing. Hans-Peter Porsche GmbH, Salzburg (Austria), Louise Daxer-Piëch, Vienna (Austria), Mag. Josef Ahorner, Vienna (Austria), Mag. Louise Kiesling, Vienna (Austria), Prof. Ferdinand Alexander Porsche, Gries/Pinzgau (Austria), Dr. Oliver Porsche, Salzburg (Austria), Kai-Alexander Porsche, Innsbruck (Austria), Mark Philipp Porsche, Innsbruck (Austria), Gerhard Anton Porsche, Mondsee (Austria), Dr. Wolfgang Porsche, Munich, Hans-Peter Porsche, Salzburg (Austria) and Peter Daniell Porsche, Hallein/Rif (Austria) each informed us on 27 March 2006 that the share held by each of the aforementioned parties in the voting capital of Bertrandt AG stood at 24.99 percent on 1 April 2002 and that this share was attributable to the aforementioned disclosing parties in accordance with Section 22 (1) Sentence 1, No. 1 of the German Securities Trading Act.

b) In accordance with Section 41 (2) Sentence 1 of the German Securities Trading Act, Ferdinand Piëch GmbH, Wiernsheim, Hans-Michel Piëch GmbH, Wiernsheim, Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg (Austria), Dr. Hans Michel Piëch GmbH, Salzburg (Austria), Dr. Ferdinand Piëch, Salzburg (Austria), and Dr. Hans Michel Piëch, Salzburg (Austria), each informed us on 27 March 2006 that the share held by each of the aforementioned disclosing parties in the voting capital of Bertrandt AG stood at 24.99 percent on 1 April 2002 and that this share was attributable to the aforementioned disclosing parties in accordance with Section 22 (1) Sentence 1, No. 1 of the German Securities Trading Act.

Disclosure pursuant to Section 21 (1) of the German Securities Trading Act

In a letter dated 17 November 2006, Familie Porsche Privatstiftung located in Salzburg, A-5020 Salzburg, and Familie Porsche Holding GmbH located in Salzburg, A-5020 Salzburg, informed us in accordance with Section 21 (1) Sentence 1 of the German Securities Trading Act that the share held by these two disclosing parties in the voting capital of Bertrandt AG exceeded the 5, 10 and 25 percent thresholds on 13 November 2006 and now stands at 25.01 percent. These shares are attributable to the disclosing parties in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

Disclosure pursuant to Sections 26 (1), 21 (1) of the German Securities Trading Act

In a letter dated 14 November 2007 received on the same day, Dr. Ing. h.c. F. Porsche Aktiengesellschaft in Stuttgart informed us as follows:
The background to this statement is the fact that on 13 November 2007 the business operations of Dr. Ing. h.c. F. Porsche Aktiengesellschaft were spun off to Porsche Vermögensverwaltung AG. At the same time, the transferring entity Dr. Ing. h.c. F. Porsche Aktiengesellschaft was converted into "Porsche Automobil Holding SE" and Porsche Vermögensverwaltung AG was renamed "Dr. Ing. h.c. F. Porsche Aktiengesellschaft", Stuttgart.

On behalf of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, (previously doing business under the name "Porsche Vermögensverwaltung AG") entered in the commercial register of the Local Court of Stuttgart under HRB 722287, we hereby inform you in accordance with Section 21 (1) of the German Securities Trading Act that the share of voting rights held by Dr. Ing. h.c. F. Porsche Aktiengesellschaft in Bertrandt Aktiengesellschaft, Birkensee 1, 71139 Ehningen, exceeded the 3, 5, 10, 15, 20 and 25 percent thresholds on 13 November 2007 and as of that date stands at 25.01% of the voting rights (2,537,095 voting rights).

Disclosure pursuant to Section 21 (1) of the German Securities Trading Act

In a letter dated 9 September 2008, which was received on 9 September 2008, we were provided with the following notification by Landesbank Baden-Württemberg, Stuttgart (Germany) concerning changes in voting rights:

This is to inform you in accordance with Section 21 (1) of the German Securities Trading Act that the share held by Landesbank Baden-Württemberg in Bertrandt AG exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 9 September 2008 and stood at 24.99% (2,534,795 voting rights) as of that date. We are entitled in full to exercise these voting rights in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

The voting rights attributable to us are held by the following entities which are controlled by us and whose share in Bertrandt AG is 3% or greater:

LBBW Spezialprodukte-Holding GmbH, Stuttgart, Germany
Süd-Kapitalbeteiligungs-Gesellschaft mbH, Stuttgart, Germany

This is to inform you in accordance with Section 21 (1) of the German Securities Trading Act in connection with Section 24 of that Act that the share held by LBBW Spezialprodukte-Holding GmbH in Bertrandt AG exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 9 September 2008 and stood at 24.99% (2,534,795 voting rights) as of that date. These voting rights are attributable in full to LBBW Spezialprodukte-Holding GmbH in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

The voting rights attributable to LBBW Spezialprodukte-Holding GmbH are held by the following entity which is controlled by it and whose share in Bertrandt AG is 3% or greater:

This is to inform you in accordance with Section 21 (1) of the German Securities Trading Act in connection with Section 24 of that Act that the share held by Süd-Kapitalbeteiligungs-Gesellschaft mbH in Bertrandt AG exceeded the thresholds of 3%, 5%, 10%, 15% and 20% on 9 September 2008 and stood at 24.99% (2,534,795 voting rights) as of that date.

The address of Landesbank Baden-Württemberg is:
Landesbank Baden-Württemberg, 70173 Stuttgart, Germany

The address of LBBW Spezialprodukte-Holding GmbH is:
LBBW Spezialprodukte-Holding GmbH, 70173 Stuttgart, Germany

The address of Süd-Kapitalbeteiligungs-Gesellschaft mbH is:
Süd-Kapitalbeteiligungs-Gesellschaft mbH, 70173 Stuttgart, Germany

Disclosure pursuant to Section 21 (1) of the German Securities Trading Act

In a letter dated 9 September 2008, which was received on 9 September 2008, we were provided with the following notification by ThyssenKrupp AG, Duisburg/Essen (Germany), concerning changes in voting rights:

This is to inform you - also on behalf of ThyssenKrupp Technologies AG, 45128 Essen (Germany), and ThyssenKrupp Steel AG, 47166 Duisburg (Germany) – as follows in accordance with Sections 21 (1) and 22 (1) Sentence 1 No. 1 of the German Securities Trading Act:

1. On 9 September 2008, the share of voting rights held by ThyssenKrupp Technologies AG in Bertrandt Aktiengesellschaft, Birkensee 1, 71139 Ehningen, (previous share 1,522,112 equivalent to 15.006 % of the voting rights) dropped below the thresholds of 15, 10, 5 and 3 % as a result of sales transactions and now stands at 0 % (no voting rights).

2. On 9 September 2008, the share of voting rights held by ThyssenKrupp Steel AG dropped below the thresholds of 10, 5 and 3 % following the sale of 1,012,683 shares, equivalent to 9.98% of the voting rights in Bertrandt Aktiengesellschaft, and now stands at 0.02 % equivalent to 2,057 shares/voting rights.

3. On 9 September 2008, the share of voting rights held by ThyssenKrupp AG dropped below the thresholds of 25, 20, 15, 10, 5 and 3 % following the sale of voting rights by its two consolidated companies ThyssenKrupp Steel AG und Thyssenkrupp Technologies AG and now stands at 0.02 % (2,057 shares). This share of voting rights is attributable to ThyssenKrupp AG in accordance with Section 22 (1) Sentence 1 No. 1.

[47] Exemption from the obligation to compile financial statements pursuant to the rules applicable to corporations

Pursuant to Section 264b of the German Commercial Code, ZR-Zapadtka + Ritter GmbH & Co. KG is exempt from the obligation to prepare notes and a management report of its own.

[48] Declaration of compliance with the Corporate Governance Code

The Management Board and Supervisory Board of Bertrandt AG have issued a declaration of compliance with the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act and have made this available to shareholders on the internet at (www.bertrandt.com).

[49] Material events occurring after balance sheet date

On 9 October 2008, the Management Board passed a resolution to acquire 100,000 of the Company's own shares via a share buyback programme for the purposes of a staff participation scheme. Updated information on the current status of the share buyback programme can be found at www.bertrandt.com. No other material events occurred after the end of the reporting period (1 October 2007 - 30 September 2008).

[50] Disclosure on the Company´s corporate governance bodies Management Board

Management Board

Dietmar Bichler
Chairman of the Management Board

- President of the Board of Directors of Bertrandt Spain S.A., Esparreguera (until 31 August 2008)
- President of the Board of Directors and Director of Bertrandt France S.A., Bièvres
- Member of the Board of Directors and Director of Bertrandt S.A., Bièvres
- Member of the Supervisory Board of ThyssenKrupp Umformtechnik GmbH, Bielefeld
- Member of the Advisory Board of Kreissparkasse Böblingen, Böblingen

Ulrich Subklew
Member of the Management Board; COO Market and Customer

- Member of the Board of Directors of Bertrandt Spain S.A., Esparreguera (until 31 August 2008)
- Member of the Board of Directors of Bertrandt France S.A., Bièvres
- President of the Board of Directors of Bertrandt S.A., Bièvres
- Member of the Board of Directors of Bertrandt US Inc., Detroit
- President of the Board of Directors of Bertrandt UK Ltd., Dunton
- Member of the Board of Directors of Bertrandt Sweden AB, Trollhättan

(in EUR million or as otherwise stated)

The short-term total remuneration paid to the Management Board in fiscal 2007/2008 comes to EUR 2.076 million (previous year EUR 1.809 million) and includes a fixed element and a performance-tied component. The additions to post-retirement benefit provisions for members of the Management Board include service cost of EUR 0.031 million for the current year (previous year EUR 0.038 million).
Provisions amounting to EUR 0.832 million (previous year EUR 0.749 million) were set aside to cover post-retirement benefits payable to former members of the Management Board.
Changes in the holdings of Bertrandt shares owned by members of the Management Board during fiscal 2007/2008 are shown in the following table:

	Balance at 30.09.2008	Balance at 30.09.2007
Number	Shares	Shares
Dietmar Bichler	801.094	801.094
Ulrich Subklew	51.449	51.449
Total	**852.543**	**852.543**

Options are not disclosed here as there is currently no option programme.

Supervisory Board

Dr. Klaus Bleyer
Chairman of the Supervisory Board

- Chairman of the Supervisory Board of Mahle GmbH, Stuttgart
- Chairman of the Supervisory Board of Faurecia Automotive GmbH, Frankfurt am Main
- Deputy Chairman of the Supervisory Board of Lindauer Dornier GmbH, Lindau
- Chairman of the Supervisory Board of Ravensburger AG, Ravensburg
- Member of the Supervisory Board of Behr GmbH & Co., Stuttgart
- Chairman of the University Council of the University of Ulm, Ulm

Maximilian Wölfle
Deputy Chairman

- Member of the Administrative Board of Westiform Holding AG, Bern-Niederwangen
- Chairman of the Advisory Committee of J. Wizemann GmbH & Co., Stuttgart
- Member of the Advisory Committee of Heinrich von Wirth GmbH & Co., Stuttgart
- Member of the Advisory Committee of Kaiser-Brauerei W. Kumpf GmbH & Co. KG, Geislingen/Steige
- Member of the Advisory Committee of Südwestbank AG, Stuttgart
- Member of the Advisory Committee of Paul Lange & Co., Stuttgart

Horst Binnig

- Chairman of the Management Board of KS Aluminium-Technologie GmbH, Neckarsulm
- Chairman of the Management Board of KS ATAG GmbH, Neckarsulm
- Member of the Management Board of KS ATAG Bearbeitungsgesellschaft mbH, Neckarsulm
- Chairman of the Management Board of KS ATAG Beteiligungsgesellschaft mbH, Neckarsulm
- Member of the Supervisory Board of Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd. (KPSNC), Shanghai

Prof. Dr.-Ing. Wilfried Sihn

- Professor of operating engineering and system planning at the Institute of Management Science of the Technical University of Vienna
- Head of the Fraunhofer project group for production management and logistics in Vienna
- Deputy Chairman of the Supervisory Board of ROHWEDDER AG, Bermatingen
- Deputy Chairman of the Supervisory Board of flexis AG, Stuttgart (until 20 June 2008)
- Deputy Chairman of the Supervisory Board of WITTENSTEIN AG, Harthausen
- Member of the Board of Directors of Baumer Holding AG, Frauenfeld/CH (since 17 December 2007)

Daniela Brei
Staff representative

- Commercial clerk

Martin Diepold
Staff representative

- Designer

(in EUR million or as otherwise stated)

On the basis of the proposed dividend, the Supervisory Board will receive total remuneration of EUR 0.197 million for its activities in fiscal 2007/2008 (previous year EUR 0.152 million), comprising a fixed component of EUR 0.099 million (previous year EUR 0.099 million) and a variable component of EUR 0.098 million (previous year EUR 0.053 million). The amounts payable breakdown by Supervisory Board member as follows:

2007/2008			
EUR	Fixed	Variable	Total
Dr. Klaus Bleyer	27,500	26,000	53,500
Maximilian Wölfle	22,000	19,500	41,500
Horst Binnig	13,750	13,000	26,750
Prof. Dr.-Ing. Wilfried Sihn	13,750	13,000	26,750
Daniela Brei	11,000	13,000	24,000
Martin Diepold	11,000	13,000	24,000
Total	**99,000**	**97,500**	**196,500**

The share issued by Bertrandt and held by members of the Supervisory Board break down as follows:

	Balance at 30.09.2008	Balance at 30.09.2007
Number	Shares	Shares
Dr. Klaus Bleyer	0	0
Maximilian Wölfle	0	0
Horst Binnig	0	0
Prof. Dr.-Ing. Wilfried Sihn	0	0
Daniela Brei	142	142
Martin Diepold	25	25
Total	**167**	**167**

Options are not disclosed here as there is currently no option programme.

[51] Shares owned by Bertrandt AG

In %	Share in equity capital
Germany	
Bertrandt Ingenieurbüro GmbH, Neckarsulm	100.00
Bertrandt Ingenieurbüro GmbH, Gaimersheim	100.00
Bertrandt Ingenieurbüro GmbH, Cologne	100.00
Bertrandt Ingenieurbüro GmbH, Munich	100.00
Bertrandt Ingenieurbüro GmbH, Ginsheim-Gustavsburg	100.00
Bertrandt Ingenieurbüro GmbH, Hamburg	100.00
Bertrandt Ingenieurbüro GmbH, Tappenbeck	100.00
Bertrandt Technikum GmbH, Ehningen	100.00
Bertrandt Projektgesellschaft mbH, Ehningen	100.00
Bertrandt Services GmbH, Ehningen	100.00
ZR-Zapadtka + Ritter GmbH & Co. KG, Bretzfeld	100.00
ZR-Zapadtka + Ritter Geschäftsführungs GmbH, Bretzfeld	100.00
Bertrandt Automotive GmbH & Co. KG, Eschborn	15.00
Bertrandt Entwicklungen AG & Co. OHG, Sindelfingen	30.00
aucip. automotive cluster investment platform GmbH & Co. KG, Eschborn	24.80
aucip. automotive cluster investment platform Beteiligungs GmbH, Eschborn	24.80
Bertrandt Aeroconseil GmbH, Hamburg	50.00
Euroaer GmbH, Hamburg	33.33
Non-Germany	
Bertrandt France S.A., Bièvres, France	99.91
Bertrandt S.A., Bièvres, France	99.90
Bertrandt UK Limited, Dunton, United Kingdom	100.00
Bertrandt Sweden AB, Trollhättan, Sweden	100.00
Bertrandt US Inc., Detroit, Michigan, United States	100.00

(in EUR million or as otherwise stated)

The breakdown of the voting rights is in accordance with the shareholder structure. The exercise by Bertrandt AG of a material influence on Bertrandt Automotive GmbH & Co. KG is determined on the basis of the provision of material technical information as well as the possibility for exerting information on key business transactions.
The net assets and results of operations of the associates accounted for at equity are as follows:

	30.09.2008	30.09.2007
Assets	16.211	27.785
Liabilities	15.005	26.720
Revenues	25.808	44.516
Net profit for the year	0.414	1.019

Bertrandt Automotive GmbH & Co. KG, aucip. automotive cluster investment platform GmbH & Co. KG, aucip. automotive cluster investment platform Beteiligungs GmbH and EUROAER GmbH adopted the calendar year as their financial year, while Bertrandt Entwicklungen AG & Co. OHG has the same balance sheet date as the Bertrandt Group.
The supply/delivery and business relationships between Bertrandt AG and these companies were based on arm's length prices. The net sales volume of these companies in the period under review was EUR 0 million (previous year EUR 0.200 million) in the case of Bertrandt Automotive GmbH & Co. KG, EUR 1.947 million (previous year EUR 3.638 million) in the case of Bertrandt Entwicklungen AG & Co. OHG and EUR 6.008 million (previous year EUR 12.876 million) in the case of EUROAER GmbH. The first two companies were accounted for at equity in the consolidated financial statements. EUROAER GmbH was classified as an non-current asset held for sale.
The net assets and results of operations of the joint venture are as follows:

	30.09.2008	30.09.2007
Assets	0.032	0
Liabilities	0.013	0
Revenues	0	0
Net profit for the year	-0.005	0

Bertrandt Aeroconseil GmbH has the same balance sheet date as the Bertrandt Group.

[52] Auditor´s fee

The auditor's fees, which are expensed in accordance with Section 319 (1) of the German Commercial Code, break down as follows:

	2007/2008	2006/2007
Audit of financial statements	0.155	0.142
Tax consulting services	0.074	0.062
Other services	0.108	0.046
Total	**0.337**	**0.250**

[53] Profit allocation proposal

In accordance with Section 58 (2) of the German Stock Corporation Act, the dividend distributed by Bertrandt AG is based on the unappropriated surplus recorded by Bertrandt AG in the financial statements prepared according to German commercial law for the year ending 30 September 2008.
The Management Board proposes using Bertrandt AG's unappropriated surplus of EUR 14,926,352.45 to pay a dividend of EUR 1.40 per dividend-entitled share and carrying forward the balance of EUR 725,816.45. In accordance with the German Stock Corporation Act, any treasury shares held by Bertrandt AG at the time the proposal is adopted are not entitled to a dividend. The amount applicable to such shares with no par value that are not entitled to any dividend is also carried forward.

[54] Day of release for publication

The Management Board of Bertrandt AG has submitted the consolidated financial statements to the Supervisory Board, which will make a decision concerning these on 1 December 2008.

Ehningen, 20 November 2008

The Management Board

Auditor's Report

We have audited the consolidated financial statements prepared by Bertrandt Aktiengesellschaft, Ehningen – comprising the balance sheet, income statement, statement of equity movements, cash flow statement and notes – and the management report for the fiscal year from 1 October 2007 through 30 September 2008. The preparation of the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and the additional accounting provisions in accordance with Section 315a (1) HGB is the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated annual financial statements in accordance with the applicable principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Group annual financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes an assessment of the financial statements of the companies included in the Group, the definition of the scope of consolidation, the accounting and consolidation principles used and the significant estimates made by the Management Board as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315a (1) HGB and in the light of these provisions give a true and fair view of the net assets, financial position and results of operations of the Group. The Group management report is consistent with the consolidated annual financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the risks to future development.

Stuttgart, 21 November 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Udo Bäder Certified Public Accountant	ppa. Volker Engesser Certified Public Accountant

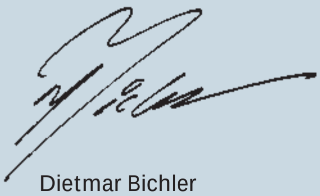
Responsibility statement (affidavit)

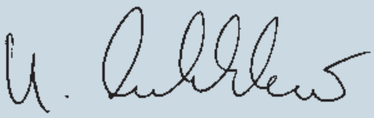
To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Ehningen, 20 November 2008

Bertrandt AG

The Management Board





Dietmar Bichler

Ulrich Subklew

Corporate governance

Bertrandt's Management Board and Supervisory Board are unequivocally committed to the Group-wide observance of the Corporate Governance Code in the interests of responsible, transparent and sustainable corporate governance and supervision both inside and outside Germany. You will find the corporate governance report on the next few pages.

It comprises explanations relating to the Corporate Governance Code (page 132) and the report stipulated by Article 3.10 of the German Corporate Governance Code (page 133). This is followed by the Supervisory Board's report on pages 138 – 141.

Corporate governance at Bertrandt

Declaration on the German Corporate Governance Code in accordance with § 161 of Stock Corporation Act (AktG)

The management and supervisory board of Bertrandt Aktiengesellschaft hereby declare that the recommendations of the government commission “German Corporate Governance Code” as amended on June 14, 2007– officially announced in the electronic Federal Bulletin on July 20, 2007 – were fundamentally complied with. The recommendations based on items 3.8 paragraph 2, 4.2.3 paragraph 3, 4.2.5 paragraph 2 and 3, 5.5.2, 5.5.3 sentence 1 ‘German Corporate Governance Code’ were not adopted. The recommendations based on items 5.3.2 sentence 1 and 5.3.3 of the ‘German Corporate Governance Code’ are complied with since September 17, 2007.

Since August 8, 2008, the recommendations of the government commission “German Corporate Governance Code” as amended on June 6, 2008 – officially announced in the electronic Federal Bulletin on August 8, 2008 – are being fundamentally complied with. The recommendations based on items 3.8 paragraph 2, 4.2.2 paragraph 1, 4.2.3 paragraph 3 and 4, 4.2.5 paragraph 2 and 3, 5.5.2, 5.5.3 sentence 1 ‘German Corporate Governance Code’ were not and will not be adopted. Since August 21, 2008 the recommendations based on items 7.1.2 sentence 2 of the German Corporate Governance Code’ are complied with as well.

Ehningen, 15 September 2008

The Management Board	The Supervisory Board
Dietmar Bichler Chief Executive Officer	Dr. Klaus Bleyer Chairman of the Supervisory Board

Report pursuant to Section 3.10 of the German Corporate Governance Code

Pursuant to Article 161 of the German Public Companies Act, the Management Board and the Supervisory Board declare once a year whether the recommendations set out in the German Corporate Governance Code (hereinafter referred to as "GCGC") were and are still complied with and which recommendations were or are not applied. Bertrandt issued this declaration for the current year in September 2007.
It is reproduced in our annual report for fiscal 2006/2007 and on our website at www.bertrandt.com.
The basic structure of Bertrandt AG's corporate governance is determined by the mandatory assignment of duties as specified by the German Public Companies Act:

Management Board

The Management Board manages Bertrandt Aktiengesellschaft autonomously and is its statutory representative. The Management Board consists of two members. Notwithstanding the overall responsibility of the Management Board as a whole, specific tasks are assigned to its members in accordance with a business allocation plan. The members of the Management Board are solely committed to furthering the Group's interests. Any significant outside business transactions require the approval of the Supervisory Board.

Supervisory Board

The Supervisory Board of Bertrandt Aktiengesellschaft consists of six members, of whom four were elected by shareholders at the 2006 annual general meeting. The Group's employees elected two members, likewise in 2006. The Supervisory Board of Bertrandt Aktiengesellschaft monitors the Management Board and is responsible in this capacity for appointing the members of the Management Board. It has established a personnel and an auditing committee for ensuring effective and efficient performance of its duties. The personnel committee consists of Dr Klaus Bleyer, Mr Maximilian Wölfle and Prof Dr-Ing Wilfried Sihn. The personnel committee has also been the nomination committee. The audit committee consists of Dr Klaus Bleyer, Mr Maximilian Wölfle and Mr Horst Binnig. Intensive, ongoing communication takes place between the Management Board and the Supervisory Board, with the Management Board briefing the Supervisory Board on the Group's business performance, its situation (including risk exposure and risk management as well as compliance) and corporate planning as well as orientation regularly, comprehensively and without delay. The audit committee will in the future also scrutinise the half-year report as well as the quarterly reports.

Annual General Meeting

The shareholders take advantage of their rights at the Annual General Meeting, where they exercise their voting rights. Each share has one vote. There are no shares with multiple, preferential or maximum voting rights. At the Annual General Meeting, the shareholders pass resolutions on such matters as the exoneration of the members of the Management Board and the Supervisory Board, the selection of the Company auditors and election of members to the Supervisory Board.

Holdings of shares or related equity instruments by members of the Management Board and the Supervisory Board

There were no changes in Management Board members' holdings of Bertrandt shares during the 2007/2008 financial year.

	Balance at 30.09.2008	Balance at 30.09.2007
Number	Shares	Shares
Dietmar Bichler	801,094	801,094
Ulrich Subklew	51,449	51,449
Total	**852,543**	**852,543**

Options are not disclosed here as there is currently no option programme.

The shares issued by Bertrandt and held by members of the Supervisory Board break down as follows:

	Balance at 30.09.2008	Balance at 30.09.2007
Number	Shares	Shares
Dr. Klaus Bleyer	0	0
Maximilian Wölfle	0	0
Horst Binnig	0	0
Prof. Dr.-Ing. Wilfried Sihn	0	0
Daniela Brei	142	142
Martin Diepold	25	25
Total	**167**	**167**

Options are not disclosed here as there is currently no option programme.

Management Board remuneration

The total remuneration paid to the members of the Management Board in fiscal 2007/2008 came to EUR 2.076 million (previous year EUR 1.809 million).
The remuneration paid to each member of the Management Board comprises fixed and variable components pursuant to the individual employment contracts signed. The variable components of remuneration are linked to consolidated earnings.

At the moment, no share options have been issued to the members of the Management Board. Nor are any planned. Given that every member of the Management Board holds shares in the Company as disclosed in the annual report, there is no need for any share-related remuneration.
Both members of the Management Board are provided with a car for business and private use. Both Management Board members are also covered by a group accident insurance policy. There are retirement benefit obligations vis-à-vis one active member as well as one former member of the Management Board.
For competitive reasons, the remuneration paid to members of the Management Board is disclosed only to the extent required by prevailing accounting law. On 15 February 2006, the shareholders approved the continuation of the long-standing reporting practice by passing a non-disclosure resolution in accordance with the Management Remuneration Act.

Supervisory Board remuneration

The members of the Supervisory Board received the following remuneration in fiscal 2007/2008:

	2007/2008		
EUR	Fixed	Variable	Total
Dr. Klaus Bleyer	27,500	26,000	53,500
Maximilian Wölfle	22,000	19,500	41,500
Horst Binnig	13,750	13,000	26,750
Prof. Dr.-Ing. Wilfried Sihn	13,750	13,000	26,750
Daniela Brei	11,000	13,000	24,000
Martin Diepold	11,000	13,000	24,000
Total	**99,000**	**97,500**	**196,500**

The members of the Supervisory Board were not paid any compensation or benefits in the 2006/2007 financial year for services provided in a personal capacity, in particular involving consulting and brokerage services.

Purchase or sale of shares in the Company or of financial instruments relating to shares by persons specified in Section 6.6 of the GCGC

There were no purchase or sale transactions subject to mandatory disclosure under Article 15a of the German Securities Trading Act in fiscal 2007/2008.

Disclosure on Company share option programmes and similar security-based incentive schemes

Bertrandt AG does not have any share option programmes or similar security-based incentive schemes.

Explanation of individual deviations from the GCGC recommendations

The Management Board and the Supervisory Board of Bertrandt Aktiengesellschaft have deliberated at length on the GCGC recommendations. In the interests of the Company, however, it was deemed necessary to deviate from individual recommendations:

Section 3.8 (2) of the GCGC

Bertrandt Aktiengesellschaft has taken out directors and officers (D&O) insurance. Contrary to the provisions contained in Section 3.8 of the GCGC, however, this cover does not provide for any suitable deductible because Bertrandt Aktiengesellschaft had already taken out this cover prior to the promulgation of the GCGC to protect its interests in a hypothetical risk event.

Section 4.2.2 (1) of the GCGC

The Management Board's compensation system continues, according to the proven approach taken for many years, to be determined in the personnel committee; the chairman of the Supervisory Board notifies the board's meeting on the decisions. There is currently no need for the Supervisory Board to be involved in individual contractual provisions.

Section 4.2.3 (3) and (4) as well as Sections 4.2.5 (2) and (3) of the GCGC

As a matter of principle, the overall compensation paid to the members of the Management Board complies with the recommendations contained in Section 4.2.3 of the GCGC and comprises fixed and variable components. The principles underlying compensation are described in greater detail on page 134 of this report. However, the remuneration did not and does not contain any components with a long-term incentive effect containing risk elements as defined in Section 4.2.3 (3) of the GCGC. There is currently no need for any share-based compensation because every member of the Management Board holds shares. This is disclosed on page 134 of this report. Whether and how the recommendations in Section 4.2.3 (4) of the GCGC can be legally implemented is disputed. Further developments must be awaited. Moreover, the Company reserves the right to deviate from the provisions of Section 4.2.3 (4) of the GCGC as and when required in order to be competitive.
Notwithstanding the recommendation in Section 4.2.5 of the GCGC, the remuneration paid to members of the Management Board was and is disclosed only to the extent required by prevailing accounting law for competition-related reasons.

On 15 February 2006, the shareholders approved the continuation of the long-standing reporting practice by passing a non-disclosure resolution in accordance with the Management Remuneration Act.

Section 5.5.2 and Section 5.5.3 Sentence 1 of the GCGC

In its byelaws, the Supervisory Board has specified how it treats any conflict of interest autonomously and at variance to the recommendations contained in Sections 5.5.2 and 5.5.3 Sentence 1 of the GCGC. The byelaws require each member of the Supervisory Board to disclose any conflict of interest to the Chairman of the Supervisory Board, who, himself, is required to disclose any such conflict to the Deputy Chairman of the Supervisory Board. These rules go beyond the scope provided for in Section 5.5.3 Sentence 1 of the GCGC and do not make any distinction on the basis of whether conflicts of interest are material or only temporary. Rather, all conflicts of interest must be disclosed. The public discussion of such disclosures may be waived to permit the members of the Supervisory Board to discuss with the Chairman even only apparent conflicts of interest on a confidential basis.

Section 5.3.2 Sentence 1 as well as 5.3.3 of the GCGC

The recommendations contained in Section 5.3.2 Sentence 1 as well as Section 5.3.3 of the GCGC have been complied with since 17 September 2007. In its meeting on that day, the Supervisory Board adopted the amendment to its bylaws to the extent that the auditing committee is now expressly also charged with matters of compliance and that the personnel committee shall also be the nomination committee, and that the latter shall in the future propose suitable candidates for the Supervisory Board to put before the annual general meeting for election.

Section 7.1.2 Sentence 2 GCGC

It was no longer possible to implement the new requirement under Section 7.1.2 Sentence 2 of the GCGC, which only came into effect on 8 August 2008, for the 3rd quarter report of Bertrandt Aktiengesellschaft; the Company's quarterly report was released on 20 August 2008. However, the recommendations in Section 7.1.2 Sentence 2 of the DCGC are being observed since 21 August 2008.

Ehningen, 1 December 2008

The Management Board	The Supervisory Board
Dietmar Bichler / Ulrich Subklew	Dr. Klaus Bleyer / Maximilian Wölfle

Report of the Supervisory Board

Dr. Klaus Bleyer, Chairman of the Supervisory Board

Ongoing dialogue

The Supervisory Board of Bertrandt AG regularly advised the Management Board on the management of the Company and monitored the Management Board's activities on an ongoing basis. It was regularly briefed by the Management Board in written and oral reports that provided comprehensive and up-to-date information on the Company's situation. Moreover, it ensured that the applicable statutory provisions, the Company's Articles of Association as well as the bylaws of the Supervisory Board and the Management Board were complied with.

The Supervisory Board and the Management Board collaborated in an open and solution-oriented spirit and continue to do so. In particular, the consultations between the Chairman of the Supervisory Board and the Chairman of the Management Board were intensive and characterised by continuous dialogue. The chairman of the Supervisory Board passed key findings and information arising from this dialogue to the board's other members, thus ensuring that they were as up to date on all pertinent matters and providing opportunity for contributing their council.

Focal points of the Supervisory Board's deliberations

Throughout the entire fiscal year, the Supervisory Board monitored the Management Board's actions aimed at achieving sustained growth in revenues and earnings, and provided it with advice. One regular subject on the agenda of the Supervisory Board's meetings concerned the business performance of Bertrandt AG and the Group as well as fundamental issues relating to corporate strategy, and its implementation in short and medium-term planning. In addition to the parent company's business performance, the Supervisory Board also concerned itself with the performance of individual subsidiaries. As well as this, it reviewed the Company's foreign operations. The Supervisory Board was provided with detailed information on the Company's business, financial condition, market and competitive situation as well as its personnel situation.

The Supervisory Board held four meetings in the year under review: on 3 December 2007, on 13 February 2008, on 7 May 2008 and on 15 September 2008.

Work of the committees

The Supervisory Board formed two committees; the Audit Committee and the Human Resources Committee. The latter is currently performing the tasks of the Nomination Committee.

The Audit Committee met on 3 December 2007 to examine, in the presence of the auditors, the annual financial statements of Bertrandt AG and the Group. In addition, the committee discussed the key auditing parameters for the years ahead with the auditors. The Human Resources Committee, which deals with the Management Board's personnel matters, also met on 3 December 2007 as well as on 7 May 2008. In particular, the meetings agreed the structure of the Management Board's remuneration as well as its variable component.

Corporate governance

The term "corporate governance" refers to the responsible management and supervision of companies aimed at ensuring long-term creation of value. At its meeting on 15 September 2008, the Supervisory Board addressed the German Corporate Governance Code and agreed its declaration of conformity pursuant to Art. 161 of the German Public Companies Act. The Company complies with numerous recommendations set out in the Code. The few deviations are explained in the Corporate Governance Report (also published on page XX of the Annual Report). In addition, the Supervisory Board again reviewed the efficiency of its own activities.

Audit of the annual financial statements

The annual financial statements and management report for Bertrandt AG and the consolidated financial statements and Group management report for the 2007/2008 fiscal year together with the accounting were audited by public accountants PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Stuttgart and issued with an unqualified auditor's certificate.

All members of the Supervisory Board received copies of these financial statements and management reports as well as the auditor's reports in good time prior to the meeting at which they were to be deliberated upon. The Audit Committee initially dealt with these documents in a preparatory capacity, after which they were discussed by the whole Supervisory Board at its meeting of 1 December 2008.

Dr. Klaus Bleyer, Chairman of the Supervisory Board

Maximilian Wölfle, Deputy Chairman of the Supervisory Board

Horst Binnig

Prof. Dr.-Ing. Wilfried Sihn

Daniela Brei, Staff representative

Martin Diepold, Staff representative

Members of the Supervisory Board

These meetings were also attended by the auditors who certify the annual and consolidated financial statements. They reported on the audit as a whole, on the key audit parameters set and on the key findings of the audit. In addition, they answered the questions asked by members of the Supervisor Board. The Supervisory Board did not have any objections. The board therefore approved the audit report and, after its own examination of the annual financial statements and management report for Bertrandt AG and the consolidated financial statements and Group management report for fiscal 2006/2007, accepted the annual and consolidated financial statements prepared by the Management Board. Accordingly, the annual financial statements have been adopted and the consolidated financial statements approved. The Supervisory Board agreed with the Management Board's proposal for the allocation of the Company's unappropriated profit.

The Supervisory Board wishes to thank the Management Board and all the employees of the Bertrandt Group for their dedication and work they have done. They have achieved very good results under demanding market conditions.

Ehningen, 1 December 2008

Dr. Klaus Bleyer
Chairman of the Supervisory Board

The Annual Report provides further important information in the form of a glossary, a multi-year overview and details of Bertrandt’s facilities.

Even though this report is primarily devoted to fiscal 2007/2008, the calendar of events on page 152 provides a view forward: the annual general meeting, the fourth Capital Market Day, the annual press conference and the analyst conference are the main investor relations events planned for fiscal 2008/2009.

Further information

Glossary

A

Ad-hoc	Company bullites that may influence the share price are published in the form of ad hoc announcements pursuant to Section 15 of the Securities Trading Act (WpHG). Ad hoc bulletins are intended to ensure equal availability of information to all market participants.
Ad hoc bulletins	The Securities Trading Act obliges companies to issue ad hoc bulletins without delay on important news concerning the company that might have a considerable effect on its share. This is intended to rule out the possibility that share-relevant news is known only to insiders, who might exploit their advantage in terms of knowledge.
Arm's-length principle	Internal sales are invoiced at normal market prices and as a matter of principle are thus in line with sales to third parties.
At equity	A method of accounting applied to associated businesses over which significant influence is exercised. Subsequent measurement of the carrying amounts of investments in the consolidated financial statements of the parent company by the pro-rata result for the period of the company in which the equity is held.
Authorised capital	Contingent resolution passed by the shareholders authorising the management board of a public company to increase the capital up to a certain amount and within a certain timeframe.

B

Borrowings	Capital raised externally by taking on loans.

C

Capital and reserves	Funds made available to a company by its legal owners. Corresponds to the balance of the company's assets after deducting all debts.
Capital gains tax	Tax on investment income.
Capital increase	Issue of new shares on a cash or non-cash basis or by using the company's own funds.
Cash and cash equivalents	Cash at hand plus bank balances and cheques with terms of up to three months.
Cash flow	Cash flow represents the funds generated from own operating activity and shows the ability of a company to fund itself (net profit plus depreciation/amortisation and transfer to long-term provisions).
Cash flow from operating activities	See cash flow, plus changes in working capital.
Cash flow hedge	Hedges of future cash flows against the risk of changes in value that are highly likely to occur.

Convertible bonds	Bonds that are issued by a public company entitling the creditor to subscribe to shares by converting the bonds.
Corporate Governance Code	The Corporate Governance Code imposes major legal requirements on the managing and monitoring of listed German companies and contains both internationally and nationally recognised standards of good and responsible corporate governance. The rules that apply in Germany to corporate governance and monitoring are transparent to both national and international investors.

D

Deferred income/prepaid expenses	Allocation of expenses and income to the respective financial year in which they arise.
Deferred taxes	Income tax arising in future periods as a result of temporary differences between the IFRS carrying values and the tax base.
Derivative financial instruments	Products that are derived from a base asset and whose price depends to a large extent on the price of the underlying financial instrument. They make it possible to control market price risks. Derivatives include the following types of product: forex forward transactions, swaps, options and option-like instruments (caps, floors etc.).
Designated sponsor	Banks or financial service providers that look after smaller or medium-sized listed enterprises and guarantee ongoing trade in their shares.
Distributable profit	The surplus of net profit or net loss plus profit or loss carryforwards, less retained profit and minority interests.
Dividend	The earnings for a period that are due to and paid out to shareholders.

E

Earnings per share	Derived by dividing the earnings for a period that are due to the shareholders by the average number of share outstanding during the period.
EBIT	Earnings before interest and taxes.
EBT	Earnings before tax.
Equity ratio	Ratio of shareholders' equity to total capital.

F

Free cash flow
Cash flow from current business operations less cash flow to capital spending. The amount available to a company to discharge debt and to pay dividends.

Free float
Shares in a public company not held by major investors. As defined by Deutsche Börse AG, blocks of shares of less than five percent are classified as free float unless they are held by asset managers, investment funds, trusts and pension funds.

G

Goodwill
Intangible asset. Corresponds to the future economic benefit of assets that cannot be individually identified or separately carried.

Gross domestic product
Income from the output of all production factors employed in a domestic market less depreciation/ amortisation.

Gross national product
Sum of economic output that the inhabitants of a country generate in a given period.

I

IAS
The International Accounting Standards are intended to ensure that accounting and reporting is comparable on an international level.

IFRS
International Financial Reporting Standards refer to the internationally accepted accounting standards since 2002. They therefore also comprise the applicable International Accounting Standards.

Impairment test
A method of testing the value of assets.

Institutional investor
Institutional investors may be insurance companies, pension funds, capital investment companies or also banks that regularly have investment requirement. Other investor groups comprise professional traders and private investors.

ISIN
International Security Identification Number. This ten-digit number is prefixed with a country code (DE = Germany, CH = Switzerland) and serves to make securities internationally identifiable.

Issue price
The price that investors must pay for new shares.

Issued capital
The share capital in a public company or company with limited liability that is to be recorded in the balance sheet.

M

Market capitalisation
Reflects the current stock-market value of the company. Derived by multiplying the number listed shares by the closing-day share price.

O

Operating profit	cf. EBIT.
Ordinary share	Unrestricted shareholder right to participate in, vote at and receive information during the annual general meeting, as well as dividend entitlement, right to subscribe to capital increases and share in liquidation proceeds.

P

Payout	Dividends, bonuses, bonus shares as well as liquidation proceeds that are paid out to shareholders.
Percentage-of-completion method	Degree of completion; used to value unfinished work.
Price-earnings ratio	Ratio of the current share price to earnings per share.

R

Research	Analysis of a security with respect to its prospects or of a company with respect to its earnings power etc. The term research is used to describe systematic study of value and price-determining factors relating to a security.

T

Tax rate	Ratio of actual income taxes to earnings before income taxes.
Total assets/liabilities	The sum of all assets or the sum of shareholders' equity and liabilities.

W

WKN	German abbreviation for security code number.
Working capital	Current assets (trade receivables, future receivables from construction contracts, inventories and other current assets) less current liabilities (trade payables and other current liabilities not attributable to financing activity).

(in EUR million or as otherwise stated)

Multiyear overview

Income statement

	FY 03/04	FY 04/05	FY 05/06	FY 06/07	GJ 07/08
Revenues	**220.800**	**217.165**	**241.107**	**339.528**	**434.216**
Other internally generated assets	0.485	0.260	0.142	0.163	0.219
Total revenues	**221.285**	**217.425**	**241.249**	**339.691**	**434.435**
Other operating income	4.740	4.665	6.015	4.970	7.104
Raw material and consumables used	-24.602	-21.386	-23.405	-38.589	-45.920
Staff costs	-145.598	-149.849	-163.480	-218.948	-281.909
Depreciation	-10.518	-9.336	-9.398	-9.143	-8.855
Other operating expenses	-39.397	-39.700	-36.653	-45.675	-53.543
Operating profit	**5.910**	**1.819**	**14.328**	**32.306**	**51.312**
Net finance income	-1.710	-1.437	-0.803	0.274	0.679
Profit from ordinary activity	**4.200**	**0.382**	**13.525**	**32.580**	**51.991**
Other taxes	-0.507	-0.405	-0.584	-0.433	-0.495
Earnings before tax	**3.693**	**-0.023**	**12.941**	**32.147**	**51.496**
Income taxes	-1.671	0.095	-5.122	-9.935	-15.315
Earnings after income tax	**2.022**	**0.072**	**7.819**	**22.212**	**36.181**
Minority interests	0.249	0	0	0	0
Profit attributable to the shareholders of Bertrandt AG	**2.271**	**0.072**	**7.819**	**22.212**	**36.181**
Number of shares in thousands (basic, weighted average)	10,065	10,073	10,077	10,117	10,123
Number of shares in thousands (diluted, weighted average)	10,121	10,109	10,077	10,117	10,123
Earnings per share (basic, in EUR)	**0.23**	**0.01**	**0.78**	**2.20**	**3.57**
Earnings per share (diluted, in EUR)	**0.22**	**0.01**	**0.78**	**2.20**	**3.57**

Balance sheet

	30.09.2004	30.09.2005	30.09.2006	30.09.2007	30.09.2008
Assets					
Non-current assets	**53.667**	**51.254**	**43.718**	**52.445**	**65.320**
Intangible assets	13.312	14.655	11.559	12.144	13.226
Property, plant and equipment	34.404	31.042	29.048	33.836	40.833
Investment properties	0	0	0	0	5.109
Financial assets	0.923	0.860	0.869	1.097	1.083
Receivables and other assets	1.298	1.550	1.334	1.560	1.583
Income tax assets	0	0	0	1.206	1.091
Deferred taxes	3.730	3.147	0.908	2.602	2.395
Current assets	**74.308**	**70.392**	**81.751**	**122.550**	**164.014**
Inventories	0.964	0.407	0.310	0.371	0.466
Future receivables from construction contracts	15.413	11.139	17.167	23.432	28.444
Receivables and other assets	51.447	54.741	60.031	84.309	104.301
Income tax assets	0	0	0	0.170	0.340
Cash and cash equivalents	6.484	4.105	4.243	14.268	30.463
Assets held for sale	**0**	**0**	**0**	**0**	**0.051**
Total assets	**127.975**	**121.646**	**125.469**	**174.995**	**229.385**
Equity and liabilities					
Capital and reserves	**51.549**	**49.820**	**58.181**	**77.561**	**105.366**
Issued capital	10.069	10.081	10.143	10.143	10.143
Share premium	26.207	26.275	26.625	26.625	26.625
Retained earnings	11.264	13.461	17.557	31.283	53.670
Minority interests	0.129	0.003	0.002	0.002	0.002
Consolidated distributable profit	3.880	0	3.854	9.508	14.926
Non-current liabilities	**23.093**	**18.646**	**15.678**	**18.003**	**18.537**
Provisions	1.237	1.365	1.546	5.098	6.010
Borrowings	14.811	10.613	7.600	6.199	4.723
Other liabilities	0.761	0.810	0.795	0.732	0.591
Deferred taxes	6.284	5.858	5.737	5.974	7.213
Current liabilities	**53.333**	**53.180**	**51.610**	**79.431**	**105.482**
Tax provisions	1.565	1.413	4.212	8.577	17.973
Other provisions	6.683	8.273	11.779	28.584	36.269
Borrowings	21.417	18.972	8.331	1.624	0.708
Trade payables	5.286	4.368	5.362	7.222	7.797
Other liabilities	18.382	20.154	21.926	33.424	42.735
Total equity and liabilities	**127.975**	**121.646**	**125.469**	**174.995**	**229.385**

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Financial Calendar

Annual press and analysts' conference

4 December 2008
Stuttgart/Frankfurt

Report on the 1st quarter 2008/2009

16 February 2009

Annual General Meeting

18 February 2009
10:30
City Hall Sindelfingen

Report on the 2nd quarter 2008/2009

13 May 2009

Fourth Capital Market Day

13 May 2009
Ehningen

Report on the 3rd quarter 2008/2009

19 August 2009

Annual press and analysts' conference

10 December 2009
Stuttgart/Frankfurt

Annual General Meeting

17 February 2010
10:30
City Hall Sindelfingen

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