



Interim report

on the first half of 2010



KEY DATA

Key data in EUR m	HJ 2010	HJ 2009	GJ 2009
Sales revenue	30.0	26.8	66.2
of which Hungary	16.8	12.2	31.0
of which Austria	5.6	8.4	18.7
of which Romania	6.4	5.3	13.6
Other	1.2	0.9	2.9
Total output	30.3	26.6	66.9
EBITDA	0.6	-0.6	7.3
EBIT	-2.1	-3.5	1.4
POA	-5.0	-6.3	-2.9
Annual profit	-4.5	-6.4	-2.9
Return after minority interest	-4.3	-6.2	-3.2
Fixed asset investments	1.1	1.4	2.8
Total assets	109.5	107.1	110.2
Equity (incl. Minority interest)	11.8	12.5	18.7
Employees	616	752	735
of which in Hungary	314	378	367
of which in Austria	117	138	142
of which in Romania	185	236	226
Stock exchange data			
Dividend per share	€ 0	0	0
Weighted amount of shares	655,878	655,878	655,878
Highest rate	€ 30.50	31.35	30.90
Lowest rate	€ 20.80	17.00	17.12
Closing rate	€ 21.01	21.00	30.90

HIGHLIGHTS

- Turnover was increased by 12 % in the first half-year
- Turnover improved by 18 % in the second quarter
- EBITDA rose by 23 % in the second quarter
- By optimising costs, earnings were increased – restructuring measures were successfully implemented

SW Umwelttechnik is satisfied with the first half-year of 2010, particularly because of our strong second quarter in which turnover was increased by 18 % compared to the previous year. The measures we introduced in order to minimise costs and by concentrating on municipally financed projects have led to a significant increase of our earnings, EBITDA were disproportionately improved by 23 % in the second quarter. In addition the market in CEE is starting to stabilise – turnover in our important market Hungary has already been increased by 37 % compared to the previous year even though the price level has not yet seen an improvement. The higher earnings therefore result from optimising our costs and we expect the price level to return to normal from 2011 onwards. We foresee a higher volume of orders in the second half-year – the projects we have already been issued with in the water conservation sector support this positive outlook.

FOREWORD BY THE MANAGEMENT BOARD

Dear ladies and gentlemen, dear shareholders,
business partners and employees,

The year started with a harsh winter, which resulted in delayed building work, but ended in a strong second quarter. In particular we were able to significantly increase our turnover compared to the previous year in our main market Hungary. The cost saving measures already introduced in 2009 have led to a satisfying result of the first half-year.

SW Umwelttechnik is excellently set up to meet the long-term demand in the water conservation and infrastructure sector thanks to the completed investment programme of € 60 m. Due to our modern plants and the resulting flexible modes of production, we are well able to adapt to the market situation.

SW is also a top player on an international level – in the World Investment Report presented at the Trade and Development Conference of the United Nations (UNCTAD) at the end of July, we were placed eighth in the category of environmental technology companies that make greenfield investments. We are thus also able to cover a significant increase in demand without making more investments. This competitive advantage has led to looking above and beyond our main markets into Bulgaria and Moldova where we have already started working on first projects.

Our outlook for the second half-year is positive. Orders in the water conservation sector in Romania are secure due to international financial support. We are expecting high turnover in the second half-year in Hungary, especially after the local elections held in the autumn that should lead to an increase in public projects. Our current orders in Austria should lead to a good outcome with only a slight decrease compared to the previous year.

Klagenfurt, 25 August 2010



DI Dr. Bernd Hans Wolschner



DI Klaus Einfalt

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OPERATIONAL REVIEW

ECONOMIC CLIMATE

➤ Austria

Following the financial and economic crisis, the recession has also become noticeable in Austria. Although the government quickly reacted in October 2008 by handing out an emergency package of € 100 b to banks and by setting up two economic stimulus packages of around € 2 b, it couldn't stop the economy shrinking by 3.6 % in 2009, which constitutes the highest decline since the end of the second world war. In 2008 a real economic growth rate of 1.8 % (2007: 3.1 %, 2006: 3.2 %) could still be seen. For 2010 a return to economic growth of around 2 % has been predicted.

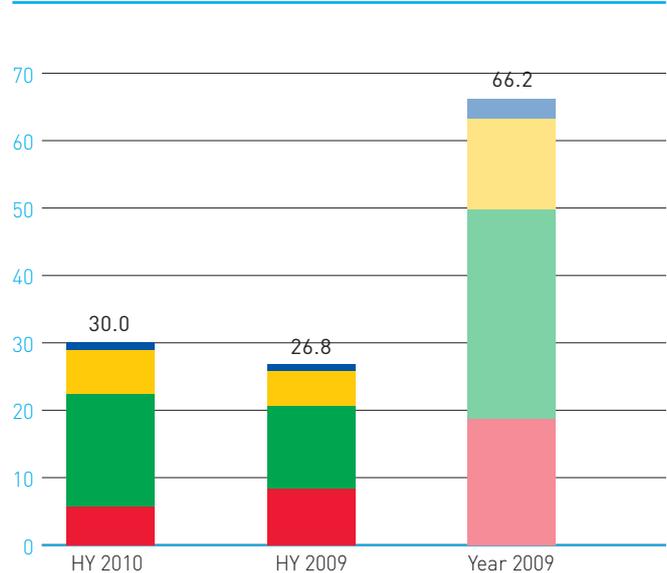
➤ Hungary

In 2009 GDP in Hungary decreased by 6.3 % in hand with the worldwide economic development trend, in 2010 it is expected to increase by 0.6 % again. The winners of the last parliamentary elections, the FIDESZ, are planning on creating an extra one million new jobs within the next ten years and want to revitalise the economy through decreasing taxes and using EU funds for the employment sector. After the local elections in the autumn an increase in public projects is therefore to be expected.

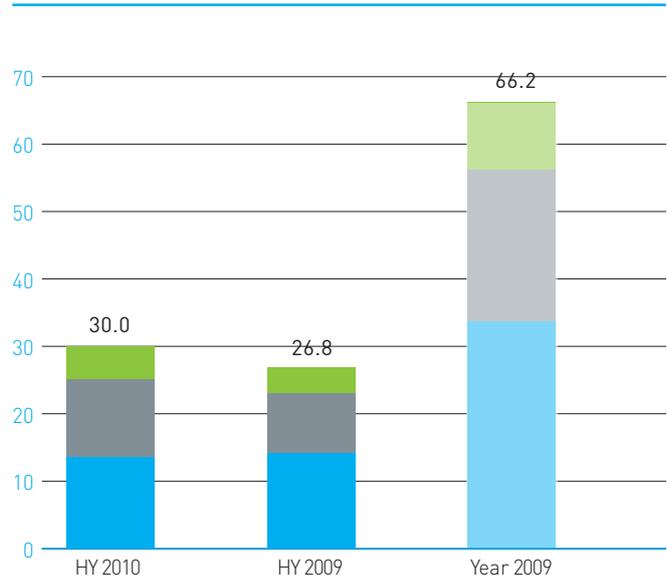
➤ Romania

After many years of a strong growth in GDP (+ 7.1 % in 2008), Romania was hit badly by the economic and financial crisis. In 2009 GDP went down by - 7.1 %. In 2010 it is predicted - contrary to initial belief at the beginning of the year - that there will be a further slight recession of around - 0.5 % to - 1.0 %. In order to support the economy, Romania has agreed to substantial financial packages with the IMF, EU and EBRD (European Bank for Reconstruction and Development). This means that Romania will have short-term liquidity of € 19.95 b from all agreed upon EU structure and cohesion funds in the period 2007 - 2013.

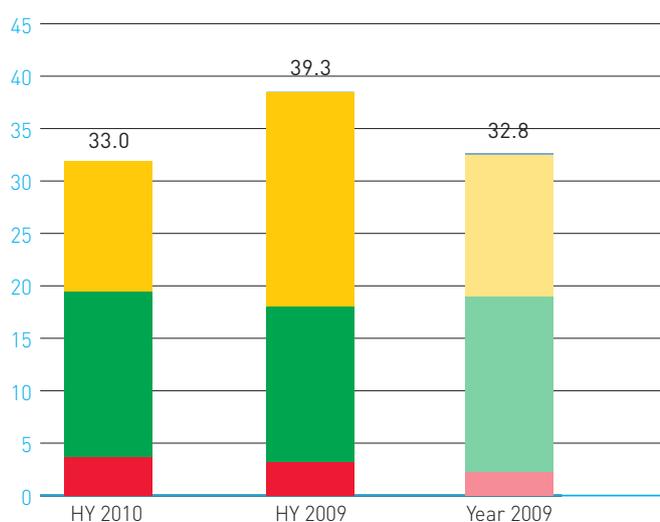
Revenue by geographical markets in EUR m



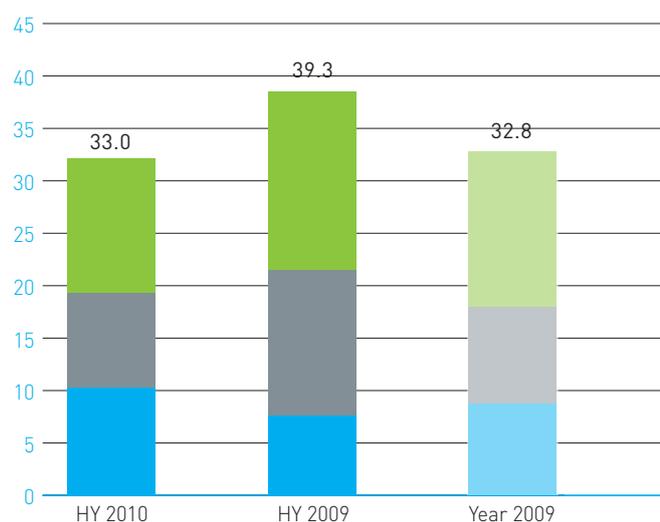
Revenue by business sectors in EUR m



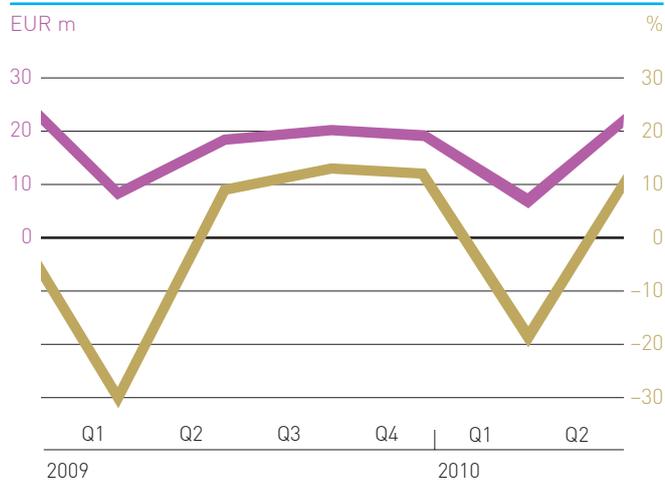
Volume of orders by geographical markets in EUR m



Volume of orders by business sectors in EUR m



Sales Revenue and EBITDA



Turnover was increased by 12 % to € 30.0 m in the first half-year 2010 compared to the previous year (€ 26.8 m). Operatively speaking the result was improved by € 1.3 m due to the implemented cost saving measures which means EBITDA of € 0.6 m for the first half-year (2009: € - 0.6 m) is back in black. EBIT has been increased by € 1.4 m and can now be reported at € - 2.1 m (2009: € - 3.5 m). The financial result of € - 2.9 m is back on the same level as in 2009 (€ - 2.8 m) due to the high volatility of the HUF and RON on the balance sheet date. This results in an increase of POA (profit or loss on ordinary activities) by € 1.3 m to € - 5.0 m (2009: € - 6.3 m) for the first half-year 2010. The operative POA, discounting FX capital losses, for the second quarter was positive again with € 0.2 m (2009: € - 0.5 m).

VOLUME OF ORDERS

The volume of orders as of 30 June 2010 amounts to € 33.0 m (2009: € 39.3 m). According to plans 80 % of these should be finalised this year, the other 20 % in 2011.

The volume of orders in Hungary of € 15.7 m (2009: € 14.8 m) are 6 % higher than in 2009 and in Austria they add up to € 3.7 m (2009: € 3.2 m) resulting in an increase of 14 %. Only in Romania orders have decreased by 34 % compared to the half-year 2009 with a current € 13.5 m (2009: € 20.5 m).

Orders in the water conservation segment have increased by 33 % compared to the end of the first half-year 2009 and now amount to € 10.2 (2009: € 7.6 m). Orders in the infrastructure segment have decreased by 35 % compared to the end date of the first half-year and add up to € 9.1 m (2009: € 13.9 m). Increased turnover in the water conservation segment rather than the infrastructure segment could already be seen in 2009 and this move is again reflected in this year's figures. Orders in the water conservation segment are handed out at shorter notice and have a shorter project running period. The volume or orders for engineering projects have gone down by 22.5 % compared to the previous year and amount to € 13.7 m (2009: € 17.8 m).

- Other
- Romania
- Hungary
- Austria
- Project engineering
- Infrastructure
- Water conservation
- Turnover
- operative EBITDA

SEGMENTAL ANALYSIS

The distribution of turnover between the different business segments has changed slightly compared to the first half-year of 2009. The water conservation segment now has a 45 % share of turnover, a total of € 13.5 m (2009: € 14.1 m), the infrastructure segment has recovered better than expected and has a share of 39 % of turnover (2009: 34 %) with a total of € 11.6 m (2009: € 9.0 m). Engineering projects have slightly increased compared to the previous year and now lie at € 4.9 m and 17 % of turnover (2009: € 3.7 m and 14 %).

➤ Austria

The collapse of sales particularly in the first quarter could be somewhat abated in the second quarter and decreased by 33 % in the first half-year 2010 to € 5.6 m (2009: 8.4 m). This now results in a share of total turnover of 19 %. We have seen a positive development of environmental technology exports into Italy, turnover here is 57 % above the previous year's numbers. We are counting on a strong autumn as we have received many new orders and therefore can predict only a slight decrease in turnover for the whole year of 15 % compared to the strong previous year.

➤ Hungary

We have seen a significant improvement in the volume of orders on a regional level, particularly Hungary has noted a strong growth in turnover and has again increased in significance. Turnover is 37 % higher than in 2009 and now reaches € 16.8 m (2009: € 12.2 m), its share of total turnover is thus 10 % higher than in the first half-year 2009 (2010: 56 %, 2009: 46 %). After the local elections in the autumn, we are expecting a significant increase of orders with public investments.

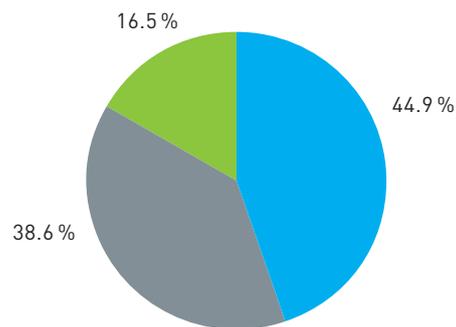
➤ Romania

We can now also report an increase in turnover in Romania of 21 % or € 6.4 m (2009: € 5.3 m) after the economic situation has become somewhat less tense. There are still problems with locally financed projects as even though the EU funds are being drawn on, Romania is having difficulties in rendering their share of self-financing. Further support from the financial aid packages from the IMF/EU are to be expected.

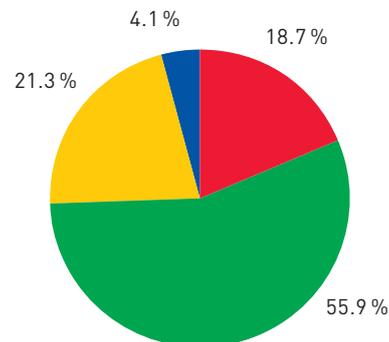
EMPLOYEES

Even though we were able to increase our turnover, the number of employees has decreased compared to the previous year. The increased workload is being managed by using temporary workers as the need for manpower greatly varies from one project to another. We employed an average of 616 staff excluding temporary in the first half-year of 2010 which shows a decrease of 18 % compared to the previous year (752). 117 staff were employed in Austria, 15 % less than in 2009. In Hungary we had 314 employees, 17 % less than in the previous year. The first half-year shows that we employed 185 staff in Romania, which is 22 % less than in 2009.

Revenue by business sectors



Revenue by geographical markets



SUMMARY BALANCE SHEET

Long-term assets have been subject to noticeable changes in value due to the high volatility of the HUF and RON and have slightly increased to € 75.3 as per 30 June 2010 compared to the previous year (€ 73.9 m). Our measures to reduce inventories had already become clear in 2009 and were reflected in the reduced floating assets, the level of € 33.2 m could be held on to even though turnover has increased. The first half-year 2010 shows floating assets totalling € 34.2 m. As a result the balance sheet total amounts to € 109.5 m and is at a similar level as in the previous year (2009: € 107.1 m).

in EUR `000	HY 2010	%	HY 2009	%	Year 2009	%
Assets	109,557	100.0	107,058	100.0	110,234	100.0
Fixed assets	75,316	68.7	73,901	69.0	79,893	72.5
Current assets	34,241	31.3	33,157	31.0	30,341	27.5
Liabilities	109,557	100.0	107,058	100.0	110,234	100.0
Equity	11,814	10.8	12,507	11.7	18,733	17.0
Long-term liabilities	49,995	45.6	49,471	46.2	49,274	44.7
Short-term liabilities	47,748	43.6	45,080	42.1	42,227	38.3

Considering only the “internal value” of our fixed assets (i.e. without considering the book losses not affecting cash and the exchange rates as per 31 December 2007), an equity capital of € 23.6 m and an equity ratio of 19.4 % can be calculated. The equity capital according to IFRS excluding “internal values” is strongly affected by changes in currency exchange rates of HUF/EUR and RON/EUR and adds up to € 11.8 m (2009: € 12.5 m). Both the HUF and RON have reached their all-time low of the year 2010 as per 30 June 2010, but both have since seen stabilisation. In the mid-term a return to a fluctuation margin of 3.9 – 4.1 RON/EUR and 250 – 270 HUF/EUR is expected.

Liabilities are unchanged compared to the previous year and amount to € 79.9 m (2009: 80.3 m), 58.1 % of which are long-term liabilities.

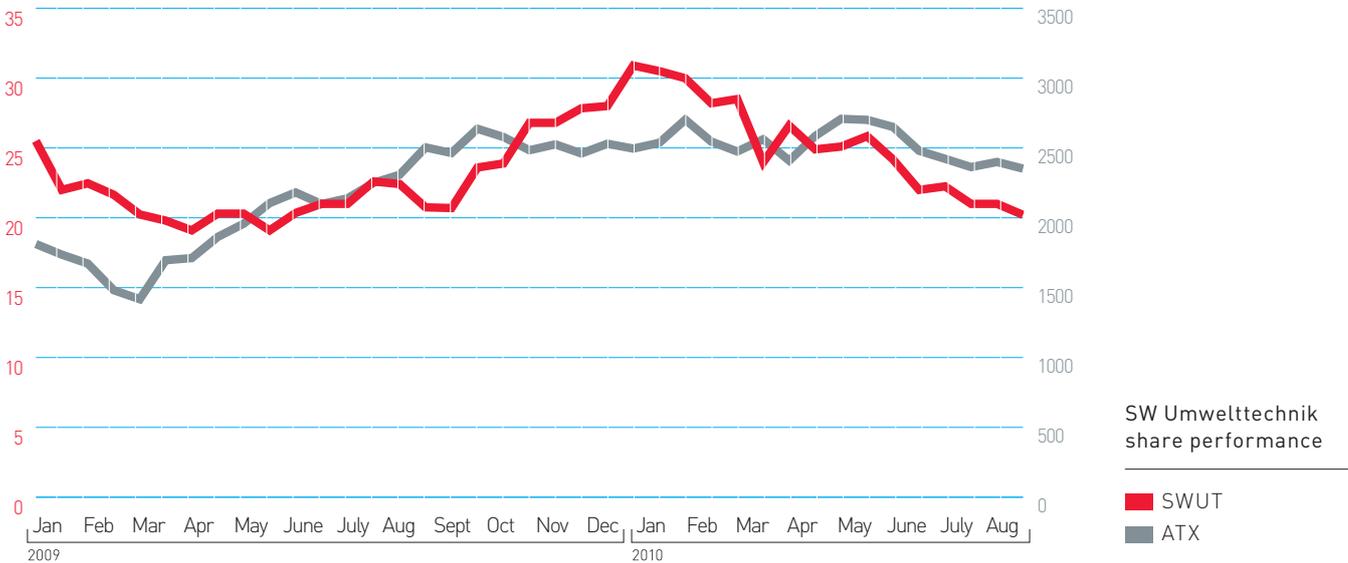
In line with the company liquidity law (“Unternehmensliquiditätsgesetz ULSG”) we have asked the Federal Government to assume liability and have been warranted with € 3.1 m by the OeKB.

INVESTMENTS

According to our strategy we have kept our investments low in favour of consolidating our finances and ensuring liquidity for 2010. They amounted to € 1.1 m for the first half-year.

OUR SHARE

The fluctuation margin of our share (SWUT) remains stable at a level of 20 – 25 Euros without any particular spikes. By focussing on Eastern Europe and on water conservation, our share remains an interesting option for investors.



OUTLOOK

The company's current performance is in accordance to our issued prognosis for the year 2010. In Hungary and Romania we have been able to note a significant improvement in earnings particularly due to the support of the IMF. We are expecting an increase in public orders after the local election in Hungary. Although the harsh winter in Austria resulted in delayed building work, we are counting on a strong second half-year.

➤ Austria

We foresee only a slight decrease in turnover for the year 2010 for Austria compared to the strong previous year due to ongoing structural adjustments and due to the high volume of orders.

➤ Hungary

In Hungary we expect a slight recovery in industry and trade projects and a significant increase in municipal projects following the local elections in October. We predict an improvement in all sectors for the Hungarian market by 2011.

➤ Romania

All sectors are seeing a release of pressure due to the financial aid of the IMF and the ECB. Therefore we foresee significant growth for 2011.

CONSOLIDATED INTERIM FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2010

ASSETS	30.06.2010	30.06.2010	31.12.2009
	in EUR `000	incl. Internal value in EUR `000	in EUR `000
Long-term fixed assets			
Fixed assets	70,856	82,631	75,837
Other long-term fixed assets	4,460	4,460	4,056
Current assets	34,241	34,241	30,341
Total	109,557	121,332	110,234
EQUITY AND LIABILITIES			
Equity	11,814	23,589	18,733
Long-term borrowings	49,995	49,995	49,274
Short-term borrowings	47,748	47,748	42,227
Total	109,557	121,332	110,234

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JAN TO 30 JUNE 2010

	Q2 2010	Q2 2009	HY 2010	HY 2009
Sales revenue	21,706	18,423	30,040	26,777
Total output	21,834	18,494	30,283	26,574
Gross profit	9,631	9,208	13,478	13,027
Staff costs	-3,665	-3,934	-6,544	-7,498
Depreciation and amortisation	-1,303	-1,583	-2,767	-2,900
Other operating costs	-4,009	-3,648	-6,530	-6,421
Other operating revenue	176	112	245	245
EBIT	830	155	-2,118	-3,547
EBITDA	2,133	1,738	649	-647
Interest	-639	-600	-1,214	-1,412
Exchange rate difference	-2,655	3,042	-1,667	-1,345
Financial result	-3,308	2,384	-2,851	-2,784
Profit or loss on ordinary activities	-2,478	2,539	-4,969	-6,331

INCOME AND EARNINGS STATEMENT 2010
FOR THE PERIOD 1 JAN TO 30 JUNE 2010

	HY 2010	HY 2009
	in EUR `000	in EUR `000
1. Result after income tax	-4,464	-6,351
2. Transfer of investment property	0	0
3. Currency conversion	-2,247	-1,601
4. Result other	-2,247	-1,601
5. Total	-6,711	-7,952
of which attributable to other associates	-267	-170
of which attributable to associates of parent company	-6,444	-7,782

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JAN TO 30 JUNE 2010

	Share capital	Capital reserve	Own shares	Currency conversion	Reevaluation reserves	Net earnings	Minority interests	Total
<i>in EUR `000</i>								
At 1 January 2009	4,798	5,956	-332	-4,093		11,407	2,723	20,459
Period result	0	0	0	0	0	-6,214	-137	-6,351
Currency conversion	0	0	0	-1,568	0	0	-33	-1,601
Total	0	0	0	-1,568	0	-6,214	-170	-7,952
At 30 June 2009	4,798	5,956	-332	-5,661	0	5,193	2,553	12,507
At 1 January 2010	4,798	5,956	-332	-5,144	2,249	8,243	2,963	18,733
Period result	0	0	0	0		-4,256	-208	-4,464
Currency conversion	0	0	0	-2,103	-85	0	-59	-2,247
Total	0	0	0	-2,103	-85	-4,256	-267	-6,711
Dividend payout	0	0	0	0		0	-208	-208
At 30 June 2010	4,798	5,956	-332	-7,247	2,164	3,987	2,488	11,814

CASHFLOW STATEMENT

	01.01. - 30.06.2010	01.01. - 30.06.2009
Result before tax	-4,969	-6,331
Changes caused by currency conversions	1,717	1,172
Depreciation and amortisation	2,767	2,981
Valuation result from investment property	0	0
Profit / loss from disposal of fixed assets	8	-15
Interest income	1,214	1,412
Interest paid	-1,305	-1,597
Interest received	91	185
Change in long-term reserves	-221	-224
Income taxes paid	-12	23
Resulting net cash	-710	-2,394
Change in inventories and construction contracts	-1,969	2,674
Change in receivables and other assets	-3,790	1,918
Change in liabilities	3,136	-4,041
Change in short-term reserves and accrued liabilities	151	-396
Working capital net cash	-2,472	155
Net cash from operating activities	-3,182	-2,239
Deconsolidation of subsidiaries	0	0
Acquisition of tangible and intangible fixed assets	-1,051	-1,364
Acquisition of financial investments	0	-85
Proceeds from sale of fixed assets	136	56
Net cash from investing activities	-915	-1,393
Dividend payouts	0	0
Purchase of own shares	0	0
Dividend of minority interests	-208	0
Change in long-term borrowings	1,020	-2,040
Change in short-term borrowings	2,656	4,761
Net cash from financing activities	3,468	2,721
Change in cash and cash equivalents	-629	-911
Cash and cash equivalents at beginning of year	1,903	2,774
Change in cash and cash equivalents	-629	-911
Currency differences	-86	-90
Cash and cash equivalents at end of year	1,188	1,773

NOTES TO THE GROUP'S INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR 2010

The Group's interim financial statements at hand as per 30 June 2010 have been created in accordance with the International Financial Reporting Standards (IFRS) as to be applied in the EU.

The abbreviated interim financial statements do not include – in accordance with IAS 34 – all information and data necessary in the annual financial statements and should thus be read in combination with the SW Umwelttechnik Stoiser & Wolschner AG's annual consolidated financial statements as per 31 December 2009.

SCOPE OF CONSOLIDATION

The scope of consolidation remains unchanged compared to the status as per 31 December 2009.

FINANCIAL ACCOUNTING AND VALUATION METHODS

The same accounting and valuation methods as per 31 December 2009 have been applied.

CURRENCY CONVERSION

The Group's functional currency is the Euro; the functional currencies of the foreign subsidiaries are the respective local currencies.

The annual financial statements of foreign subsidiaries and joint ventures have thus been converted using the modified closing-date-method according to IAS 21 as follows:

- Assets and liabilities with the exchange rate of the balance sheet closing date
- Revenue and expenditures with the exchange rate of the annual average
- Equity entries with the exchange rate of the date of the transaction

The following exchange rates have thus been applied:

Currency		Rate at balance sheet date		Average rate for the year	
		30.06.2010	30.06.2009	1st half-year 2010	1st half-year 2009
HUF	Hungarian Forint	286.50	272.40	272.60	290.40
RON	Romanian Lei	4.37	4.21	4.17	4.24

SEGMENTAL ANALYSIS IN € M

Distribution of sales revenue according to primary segments

	HY 2010		HY 2009		Year 2009	
		in %		in %		in %
Water conservation	13.5	44.9	14.1	52.7	33.7	50.8
Infrastructure	11.6	38.6	9.0	33.4	22.5	34.1
Project engineering	4.9	16.5	3.7	13.9	10.0	15.1
Total	30.0	100.0	26.8	100.0	66.2	100.0

Distribution of sales revenue according to secondary segments

	HY 2010		HY 2009		Year 2009	
		in %		in %		in %
Austria	5.6	18.7	8.4	31.2	18.7	28.3
Hungary	16.8	55.9	12.2	45.6	31.0	46.8
Romania	6.4	21.3	5.3	19.7	13.6	20.5
Other	1.2	4.1	0.9	3.5	2.9	4.4
Total	30.0	100.0	26.8	100.0	66.2	100.0

EMPLOYEE INFORMATION

	HY 2010			HY 2009			Year 2009		
	White-collar	Blue-collar	Total	White-collar	Blue-collar	Total	White-collar	Blue-collar	Total
Austria	54	63	117	57	81	138	58	84	142
Hungary	131	183	314	158	220	378	151	216	367
Romania	51	134	185	54	182	236	48	178	226
Total	236	380	616	269	483	752	257	478	735

DIVIDEND PAYOUT

At the annual general meeting on 14 May it was decided that SW Umwelttechnik would not be paying out a dividend to their shareholders for the financial year 2009.

SHARE REPURCHASE SCHEME:

In the first half-year of 2010 none of the Company's own shares were repurchased.

SEASONAL FACTORS

Due to weather conditions there are general seasonal fluctuations in product deliveries as well as in the execution of projects as construction work can only be carried out to a limited extent during the winter. These seasonal fluctuations are reflected in the outcome of the first and fourth quarter, which are usually weaker than the second and third quarters.

RELATIONSHIPS WITH ASSOCIATED COMPANIES AND INDIVIDUALS

No significant changes have occurred in regards to relationship with associated companies and individuals as compared to those disclosed in the annual report 2009.

FINANCIAL INSTRUMENTS

No financial instruments apart from those disclosed in the annual report 2009 were applied during the reporting period.

BUSINESS TRANSACTIONS AFTER THE BALANCE SHEET DATE

No business transactions occurred after the balance sheet date of the quarter impacting the interim financial report at hand or that have any particular relevance.

OTHER OBLIGATIONS, LITIGATION AND POSSIBLE LIABILITIES

There are no changes to be reported for this period in terms of other obligations, litigation and possible liabilities compared to the ones stated in the consolidated annual financial statements as of December 31st 2009.

DECLARATION BY THE MANAGEMENT BOARD

We hereby confirm that to the best of our knowledge, these summarised consolidated interim financial statements have been compiled in accordance with applicable accounting standards and to the maximum extent possible give a true and fair view of the Group's assets, finances and earnings. We also confirm that the interim operational review for the first six months of the financial year conveys a true and fair view of the most important events of the first six months of this fi-

nancial year to the maximum extent possible and their impact on the summarised consolidated interim financial statements, in terms of significant risks and uncertainties during the remaining six months of the financial year, and of key transactions with associated companies and individuals where disclosure is required. These summarised consolidated interim financial statements have been subjected neither to a complete audit nor to an audit review by an auditor.

Klagenfurt, 25 August 2010

DI Dr. Bernd Hans Wolschner

DI Klaus Einfalt

FINANCIAL CALENDAR

[24th of November](#) [Quarter 3 report](#)

SHAREHOLDER INFORMATION

Security ID number:	AT 0000080820
Vienna Stock Exchange symbol:	SWUT
Bloomberg:	SWUT AV
Reuters:	SWUT.VI
Datastream:	O:SWU
Index:	WBI
Listing:	Standard market continuous/auction with market makers, Vienna Stock Exchange

SW Umwelttechnik, a family firm founded in 1910 and listed on the Viennese stock exchange since 1997, stands for sustainable management and consistent growth in Eastern and South Eastern Europe. With our innovative environmental technology we provide an important contribution for the development of necessary infrastructure in Central and South Eastern Europe.

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