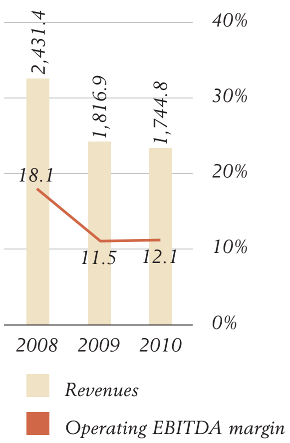
Wienerberger

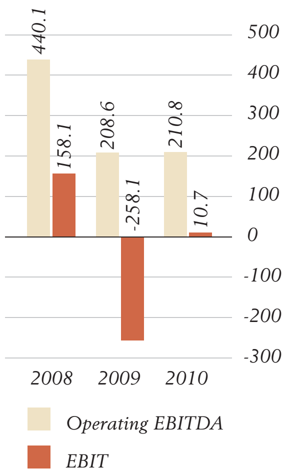
We can stand this much longer.

Annual Report 2010

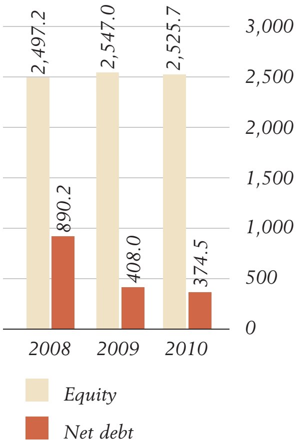
Revenues and Operating EBITDA Margin
in € mill. and %



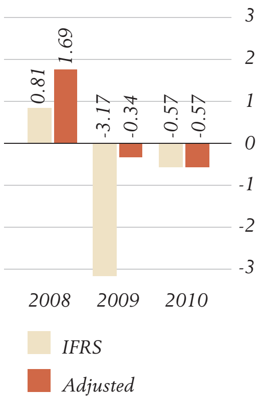
EBITDA operating and EBIT
in € mill.



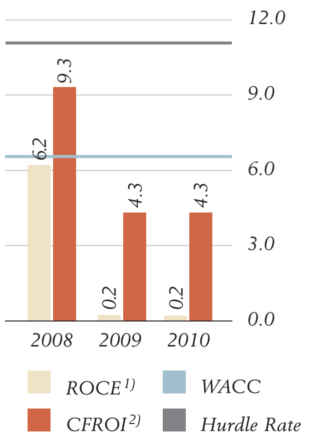
Equity and Net Debt
in € mill.



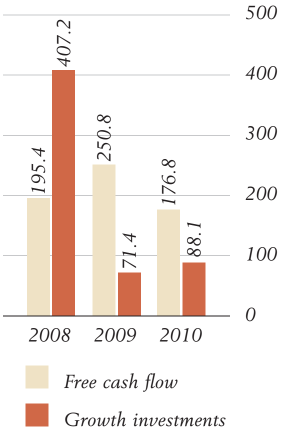
Earnings per Share
in €



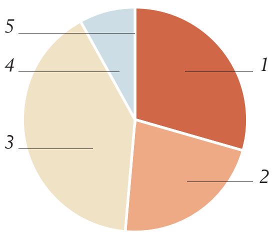
ROCE and CFROI
in %



Free Cash Flow and Growth Investments
in € mill.

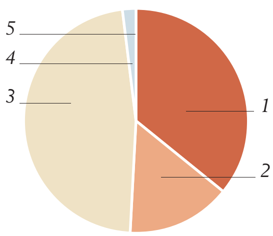


Revenues by Segment



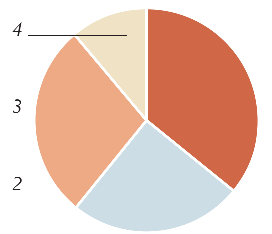
1 Central-East Europe 30%
2 Central-West Europe 22%
3 North-West Europe 41%
4 North America 8%
5 Investments and Other -1%

Operating EBITDA by Segment



1 Central-East Europe 41%
2 Central-West Europe 17%
3 North-West Europe 54%
4 North America 2%
5 Investments and Other -14%

Revenues by Product



1 Wall 36%
2 Roof 25%
3 Facade 28%
4 Pavers 11%

1) Calculation based on average capital employed
2) Calculation based on average historical capital employed

Earnings Data		2008	2009	2010	Chg. in %
Revenues	in € mill.	2,431.4	1,816.9	1,744.8	-4
Operating EBITDA 1)	in € mill.	440.1	208.6	210.8	+1
Restructuring costs and impairment charges to property, plant and equipment	in € mill.	-55.0	-153.7	0.0	>100
Impairment charges to goodwill	in € mill.	-16.7	-123.3	0.0	>100
EBIT	in € mill.	158.1	-258.1	10.7	>100
Profit before tax	in € mill.	123.1	-295.6	-40.8	+86
Profit after tax	in € mill.	103.3	-258.7	-34.9	+87
Free cash flow 2)	in € mill.	195.4	250.8	176.8	-30
Maintenance capex	in € mill.	98.4	62.7	61.7	-2
Growth investments	in € mill.	407.2	71.4	88.1	+23
ROCE 3)	in %	6.2	0.2	0.2	-
CFROI 4)	in %	9.3	4.3	4.3	-
Employees 5)		15,162	12,676	11,848	-7

Balance Sheet Data		2008	2009	2010	Chg. in %
Equity 6)	in € mill.	2,497.2	2,547.0	2,525.7	-1
Net debt	in € mill.	890.2	408.0	374.5	-8
Capital employed	in € mill.	3,252.2	2,816.8	2,779.5	-1
Balance sheet total	in € mill.	4,383.9	4,087.4	4,059.3	-1
Gearing	in %	35.6	16.0	14.8	-

Stock Exchange Data		2008	2009	2010	Chg. in %
Earnings per share	in €	0.81	-3.17	-0.57	+82
Dividend per share	in €	0.00	0.00	0.10	>100
Share price at year-end	in €	11.90	12.78	14.29	+12
Shares outstanding (weighted) 7)	in 1,000	82,895	91,298	116,528	+28
Market capitalization at year-end	in € mill.	999.0	1,502.0	1,679.5	+12

Operating Segments 2010 *in € mill. and %*	Central-East Europe		Central-West Europe		North-West Europe		North America		Investments and Other 8)	
Revenues	531.7	(-9%)	384.4	(-2%)	716.4	(-2%)	144.5	(-3%)	-32.2	(+8%)
Operating EBITDA 1)	86.1	(-21%)	35.6	(+10%)	113.1	(+10%)	4.5	(>100%)	-28.5	(-31%)
EBIT	20.6	(>100%)	1.5	(>100%)	44.6	(>100%)	-22.2	(+77%)	-33.8	(-25%)
CFROI in % 4)	5.9		4.5		6.1		0.6		-30.4	
Total investments	49.1	(-12%)	19.8	(+50%)	35.2	(-30%)	7.8	(-11%)	37.9	(>100%)
Capital employed	737.0	(-6%)	352.6	(-5%)	1,106.8	(-2%)	500.8	(+3%)	82.3	(>100%)
Employees	4,425	(-14%)	2,035	(-5%)	4,032	(-1%)	1,104	(+6%)	252	(+5%)

1) Adjusted for non-recurring income and expenses
2) Cash flow from operating activities minus cash flow from investing activities plus growth investments
3) Calculation based on average capital employed
4) Calculation based on average historical capital employed
5) Average number of employees for the year
6) Equity including non-controlling interests and hybrid capital
7) Adjusted for treasury stock
8) Including Group eliminations and holding costs; negative revenues are due to the offset of inter-company sales

Note: In the table of the operating segment data, changes in % to the comparable prior year period are shown in brackets.
All abbreviations and foreign terms are defined in the glossary on page 162.

The Year 2010 in Review

The hoped-for recovery in new residential construction failed to materialize during 2010. Moreover, bad weather caused a sharp drop in the demand for building materials: construction was virtually brought to a standstill by the unusually long and snowy winter in Europe and the USA during the first quarter, flooding across Eastern Europe in April and May and the early arrival of the next winter at year-end.

Wienerberger started 2010 with weather-related negative EBITDA for the first quarter, but completed the turnaround in the second quarter and steadily gained ground during the rest of the year. All in all, we recorded only a slight 4% decline in revenues to € 1,744.8 million in a difficult market. These results reflected the stabilizing influence of renovation on clay roof tile volumes as well as our proactive pricing policy in Eastern Europe, which allowed us to outpace the market and strengthen our positions. Operating EBITDA rose slightly year-on-year to € 210.8 million, in spite of lower average prices, due to € 35 million of cost savings and better capacity utilization. EBIT grew by a substantial € 270 million to € 10.7 million, since the comparable prior year data were influenced by non-recurring costs from restructuring measures ('Action Plan 2009'). A significant improvement was also recorded in earnings per share, which increased to € -0.57 (2009: € -3.17).

Wienerberger has left the crisis behind and, with a strong operating base and gearing of only 15%, has a healthy capital structure. We are looking toward 2011 with optimism despite limited visibility on the East European and North American markets because of the stable to slightly positive development forecasted for new residential construction in Western Europe. Based on this improved outlook for 2011, the Managing Board will make a recommendation to the Annual General Meeting on May 13, 2011, calling for a resumption of the dividend after the crisis-related two-year waiver and the payment of a € 0.10 dividend per share to shareholders.

Market Positions

Wienerberger is the world's largest producer of bricks and number one on the clay roof tile market in Europe with a total of 245 plants groupwide in 27 countries. We also hold leading positions in concrete pavers and pipe systems in Europe.

Clay blocks:	**Nr. 1 worldwide**
Facing bricks:	**Nr. 1 in Europe, co-leader in the USA**
Clay roof tiles:	**Nr. 1 in Europe**
Concrete pavers:	**Nr. 1 in Central-East Europe**
Pipe systems:	**Leading positions in Europe**

2010 was uncomfortable.

Our Vision

Building Value. For a sustainable future.

Mission Statement

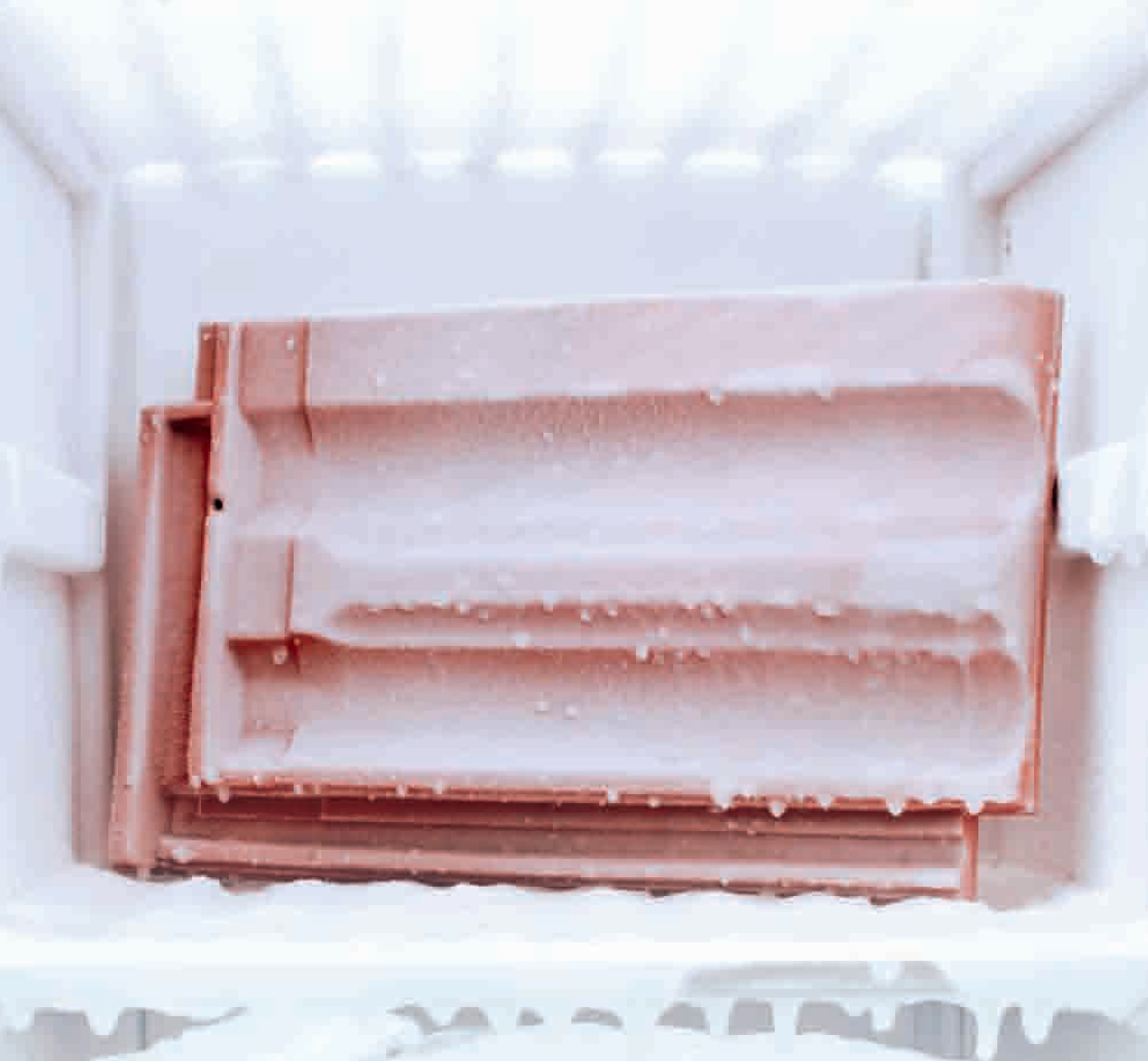
As the world's leading manufacturer of bricks, we regard the economy as an integral part of society. Its duty is to serve people and generate benefits for all. Our goal is to create sustainable values with natural products: a residential environment of highest quality quality and safety for our customers, a sound investment for our shareholders and attractive jobs for our employees. We take our role as a responsible member of society seriously and act in accordance with economic, ecological and social principles – in order to remain successful in the future.

We focus on the areas in which we are among the best in the world – our core products for walls, roofs, facades and paving as well as pipe systems. The long history of our company, our strong affiliation with natural products, our employees who act as entrepreneurs and our internationality through individual diversity provide a sound basis for the creation of lasting values.

We believe in people.
Bricks by Wienerberger. Designed for living.

But we took
an example
from our bricks:

they’re tough,
adaptable and
can stand a lot.



We had a really cold start

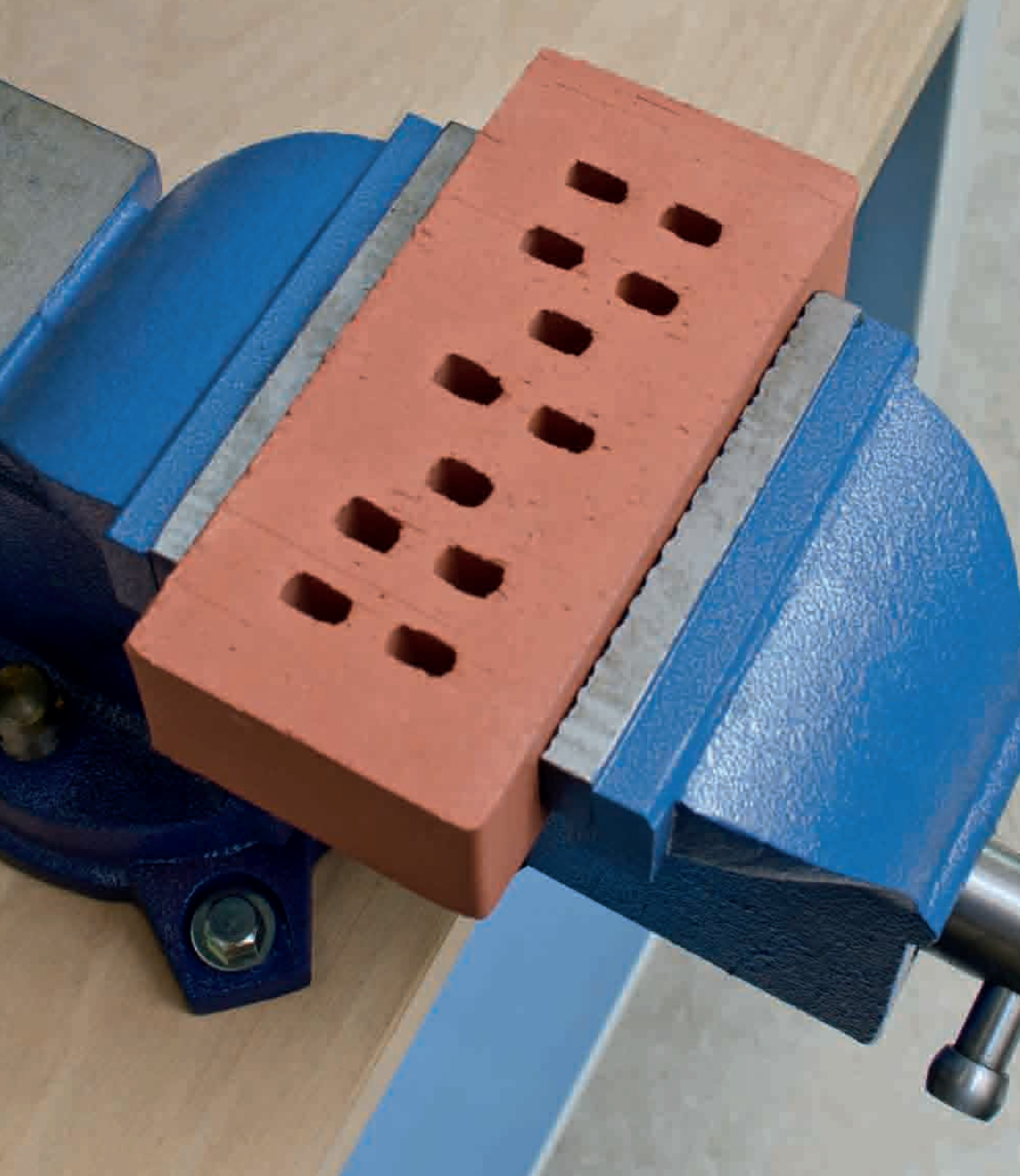
EBITDA slightly above prior year at € 210.8 million

The long, snowy winter severely limited construction activity during the first quarter and led to a sharp drop in volumes. Wienerberger successively gained ground over the following nine months, and recorded only a minor 4% decline in revenues for the full year. In spite of lower average prices, operating EBITDA was slightly better than the prior year due to cost savings and better capacity utilization.

Stress test successfully completed

EBIT of € 10.7 million

The end of restructuring costs led to a significant improvement in EBIT from € -258.1 million in 2009 to € 10.7 million for 2010.



Full stop on costs

Cost savings of € 35 million

Since the start of the economic crisis, we saved nearly € 200 million of fixed costs in comparison with 2008 by adjusting capacity, reducing expenses and cutting investments to a minimum. As expected, € 35 million of these cost reductions were realized in 2010.

We’re still liquid because of our strong cash flow

Liquidity protected by € 230.4 million of cash flow

Wienerberger again proved its ability to generate strong cash flow in economically difficult times. In 2010 we recorded cash flow of € 230.4 million from operating activities.

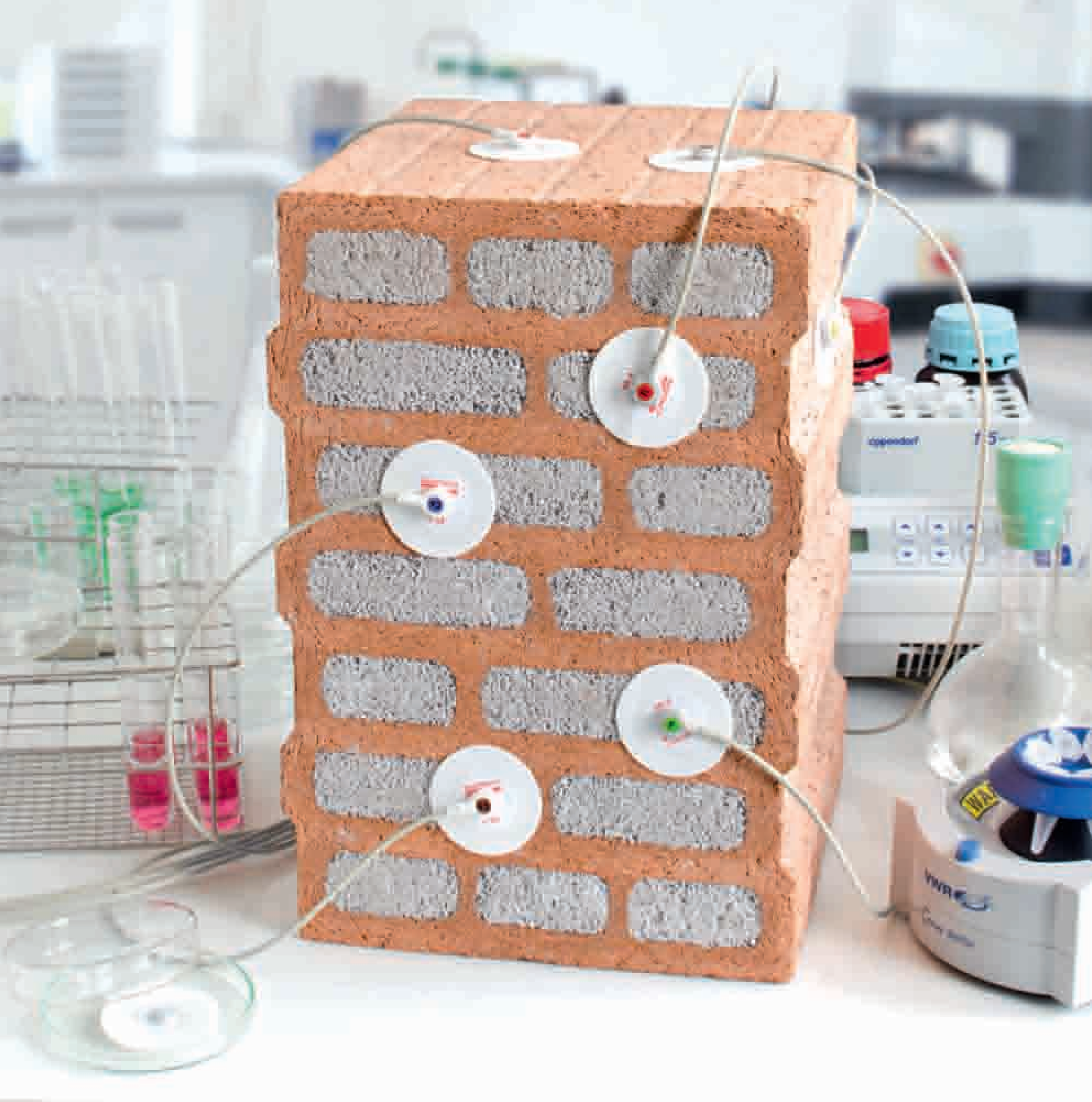
Well done

Gearing of only 15% reflects our strong financial base

After payment of € 149.8 million for investments, we reduced net debt from € 408 million to roughly € 375 million – which represents gearing of only 15%. The term structure of our liabilities was further improved by the issue of a bond (€ 250 million, 4.875% coupon) in April 2010. € 141 million of the proceeds were used to redeem part of a bond that is due on 2012, the remainder to repay other financial liabilities.

Head start through innovation

Wienerberger works continuously to further develop its products and has an innovative product portfolio: infill blocks, Dryfix® system, *sturm*FIX, system solutions for roofs and walls, the efficient e4 house concept – Wienerberger's innovative power is not only a benchmark, but also the basis for the long-term, successful development of the company.



Solid as a rock

Strong operating base

Wienerberger has a strong operating foundation with
– the most advanced plant network in the industry
– a lean cost structure and strong capital base
– an innovative and added-value product portfolio
– strong customer ties
These factors represent a clear competitive edge and form a solid foundation for future value creation.

Contents

The chapters in red are part of the audited management report.

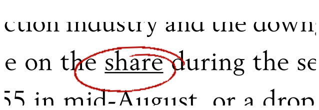
Index

Operating Segments

Financial Statements

Service

The terms that are designated as links (see example on the right) in this annual report provide access to additional background information together with the URL annualreport.wienerberger.com (without space between words).



annualreport.wienerberger.com/share

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

Successful race to gain ground after weather-related negative first quarter

As you know, the hoped-for recovery in new residential construction did not materialize in 2010 and the demand for building materials was severely restrained by bad weather. Construction activity in many regions was nearly brought to a standstill by the unusually long and snowy winter in Europe and the USA during the first three months, flooding in Eastern Europe in April and May and the early start of the next winter at year-end. We closed the first quarter of 2010 with operating EBITDA of € -23 million, which put us nearly € 40 million behind the first three months of 2009. However we completed the turnaround during the second quarter and, in spite of significantly lower average prices in Eastern Europe, were able to successively gain ground. A comparison of the second to fourth quarters in 2010 with the same period in 2009 shows that we increased operating EBITDA by roughly 20% during these nine months. By the end of the year we had not only offset the negative first quarter, but nearly matched 2009 with operating EBITDA of € 210.8 million and also improved margins year-on-year despite a 4% decline in Group revenues. These results underscore the success of our action plan and confirm the expected cost savings of € 35 million. EBIT improved significantly from € -258 million in the previous year to € 11 million in 2010 due to the end of restructuring costs.

Earnings decline in Central-East Europe, turnaround in North America and higher margins in West Europe

An analysis by segment shows that Central-East Europe was still negatively affected by a strong decline in new residential construction throughout 2010. Continuing market weakness prevented the offset of weather-related lower demand during the first six months, despite efforts on the part of builders to make up for this lost time in the second half-year. New residential construction in Poland was, however, more stable than the other countries in the region. Central-West Europe recorded a slight decrease in clay block volumes, in spite of sound development in Germany and Switzerland, due to a further decline in the demand for building materials in Italy. North-West Europe reported volume growth in Great Britain, France and Belgium, but a sharp volume drop in the Netherlands. Although revenues declined slightly, we were able to increase operating EBITDA in both West European segments due to cost savings and somewhat better capacity utilization in our plants. Volumes in North America were slightly lower, but a substantial better capacity utilization led to the expected improvement in results.

Strong cash flow of € 230 million from operating activities

In this difficult year we again demonstrated our strong cash-generating capability, with cash flow from operating activities reaching € 230 million. We used € 150 million of this cash flow for investments, with € 62 million directed to maintenance capex and € 88 million to the completion of previously started projects and smaller acquisitions. The remaining funds were used to reduce net debt to € 375 million at year-end, which represents gearing of only 15%.

Heimo Scheuch, Chief Executive Officer of Wienerberger AG

New € 250 million bond to improve term structure of liabilities

The peak of the financial crisis appears to have passed, but the focus remains on the protection of the Group's liquidity and financial flexibility. Efforts in 2010 concentrated on improving the term structure of liabilities and, above all, on reducing the refinancing requirements for 2012, when the € 400 million bond issued in 2005 is scheduled for repayment. We therefore issued a new € 250 million bond in April 2010, and used € 141 million of the proceeds to prematurely repurchase part of the bond that is due in April 2012. The remaining funds were directed to the early repayment of other financial liabilities and thereby substantially reduced our refinancing requirements for the coming years.

Significant earnings improvement expected for 2011

I consider it too early to give an earnings guidance for 2011 because of the still limited visibility on markets in Eastern Europe and the USA. However, I am generally optimistic and expect a slight increase in volumes at the Group level based on the forecasts for stable to slightly positive development in new residential construction on West European markets and in Poland. Business in most countries was good during January, but it would be premature to use this as a base for predicting the first quarter of 2011 or the full year. We expect a slight increase in input costs, which we want to cover with appropriate price adjustments in nearly all countries. Energy costs will most likely rise by approx. € 15 million due to higher prices for the volumes that are not hedged (less than 50% of our total demand). I expect a strong improvement in earnings for the full year, which will also be supported by approx. € 30 million of non-recurring effects from a stock swap in the roof segment that I will explain in more detail below.

Recommended dividend of € 0.10 per share

The past year was certainly not easy, but we would like to send a positive signal to you, our shareholders, based on the increased optimism for 2011. The Managing Board will therefore make a recommendation to the Annual General Meeting on May 13, 2011, proposing a € 0.10 dividend per share for the 2010 financial year. The amount of future dividends will depend on the development of the market and the availability of profitable growth projects.

Restructuring of investments

Our strategic goals call for the expansion of the core business to reduce the dependency on new residential construction. We also want to extend our positions in Eastern Europe because we see substantial growth opportunities in this region over the medium-term due to the pent-up demand for residential construction. Against this backdrop, we also restructured our investment portfolio during the past six months.

Wienerberger will hold 100% of Steinzeug, 100% of Semmelrock and 50% of Tondach Gleinstätten

The Steinzeug Group, a leading international producer of ceramic waste water pipe systems, was acquired during October 2010. Following the acquisition of the remaining 25% stake in Semmelrock, this concrete paver specialist is now a wholly owned subsidiary of Wienerberger. We also restructured our holdings in the roof segment through a stock swap with Monier in January 2011. This transaction involved the transfer of our 50% holding in the concrete roof tile producer Bramac to our former joint venture partner in exchange for a further 25% of the shares in Tondach Gleinstätten and a settlement payment. After the approval of this transaction by the antitrust authorities, which is expected in the second quarter of 2011, we will hold a 50% investment in this clay tile producer.

All three investments fit perfectly with Wienerberger's strategic goal and offer medium-term growth opportunities

The above mentioned three companies fit perfectly with Wienerberger's strategic orientation, and we intend to actively develop the available opportunities together with management. The products made by Semmelrock, our specialist for modern and innovative concrete pavers, are used nearly 60% in non-residential construction. Semmelrock is active almost exclusively in Eastern Europe and should benefit, just the same as Wienerberger, from the medium-term growth in this region. The Steinzeug Group is specialized in the production of highly resistant ceramic pipes that are used, above all, in sewage projects and industrial facilities where aggressive waste water can arise. We see growth opportunities for this company over the mid-term because of the substantial need for renovation in waste water systems throughout Western Europe as well as the planned construction of a wide-ranging sewage network in Eastern Europe that should be realized with extensive financing from the European Union. Tondach Gleinstätten has been expanding eastward since 1992 and holds excellent positions with 20 plants in 11 countries across Central and Eastern Europe. The Tondach structures are similar to Wienerberger with innovative high-quality products, a modern industrial base and strong local management. The superior properties of clay roof tiles have led to a steady increase in their share of the renovation market in Western Europe, and I expect a similar development in Eastern Europe over the coming years. My goal is to strengthen cooperation in the operating units so we can profit together from the growth in Eastern Europe.

Focus for the coming years on organic growth

The crisis is now behind us and our focus for the coming years will turn to profitable and sustainable development, whereby we plan to concentrate on internal growth. Wienerberger has a very strong operating base, from which we will benefit in the coming years. The restructuring process has ended and we have completed the turnaround. We reduced fixed costs by a total of € 200 million compared with 2008 and have lean cost structures as well as a modern plant network with nearly 30% of currently unused capacity reserves that give us significant growth potential. With our innovative products, above all our high thermal insulating filled bricks and Dryfix®

system, we recorded double-digit volume growth in weak markets during 2010. We see sizeable potential in these areas over the coming years, which we intend to realize by intensifying our sales activities in existing markets and launching these products in new markets. We have budgeted € 110 million for maintenance capex and replacement investments and will invest the remaining cash flow to pursue profitable projects in our core business on existing markets in order to further strengthen and expand our positions in 2011.

e^4 house concept by Wienerberger already meets EU "near-zero energy" standards

Growth is not a guarantee, but the result of hard work – it reflects a concentration on success factors and a drive to improve. We therefore ask ourselves what ecological and social trends will influence society in the future, and act accordingly today. One of the most important trends in new residential construction is sustainability and energy-efficiency. In order to realize our vision for healthy, energy-efficient and sustainable buildings that are attractive and affordable, we joined together with partners from heating technology, thermal insulation and other fields to develop a building model – the e^4 house concept. This concept meets all applicable requirements, including the strict "near-zero energy" standards defined by the EU directive on the energy performance of buildings that will take effect in 2020. We do not act as the house developer, but supply easy to realize, individualized solutions plus the appropriate product recommendations. I therefore see Wienerberger – with its sustainable products and energy-efficient building concepts – as perfectly positioned to realize above-average benefits in the future from the trends in new residential construction.

Thanks to employees, management, Supervisory Board and shareholders

The strength of Wienerberger is based on a strong corporate culture of dynamic and efficient action in which goal orientation, entrepreneurial achievement and responsibility are a matter of course. Our operating companies owe their success to their highly motivated employees and managers whose drive to achieve is supported by the Group's corporate services. This dedication is also honored by our customers and business partners. I would like to thank the Supervisory Board for their interesting and supportive discussions and the efficient handling of issues, and my colleagues on the board for their intensive and constructive teamwork during the past year. My special thanks go out to our employees and managers for their tremendous commitment, above all in these difficult times. In conclusion, I would like to thank you, our shareholders, for your trust in Wienerberger during the past year. We have now mastered the crisis and look to the future with optimism – and I invite you to accompany us on this road.

Yours

CORPORATE GOVERNANCE REPORT

Corporate Governance at Wienerberger

Implementation of strict principles for good management and transparency

For many years Wienerberger has followed a strategy that is designed to maximize cash flows in order to create and maintain a sustainable increase in the shareholder value. Strict principles of good management and transparency as well as the continuous development of an efficient control system form the basis for meeting this goal.

Compliance code to prevent insider trading

We give the highest priority to providing all shareholders with the same comprehensive information. To prevent insider trading, we have released a compliance code that implements the provisions of the Issuer Compliance Code published by the Austrian Financial Market Authority. A compliance officer monitors the observance of these rules.

Voluntary observance of Austrian Corporate Governance Code

The Austrian Corporate Governance Code was enacted in October 2002 and adapted as of January 1, 2010 to reflect the Stock Corporation Amendment Act 2009 and an April 2009 European Commission recommendation regarding the remuneration system for directors of publicly traded companies. The foundation of the code is formed by Austrian stock corporation, stock exchange and capital market law as well as the recommendations of the European Commission on the duties of the supervisory board and the remuneration of directors and the OECD guidelines for corporate governance. The code provides a framework for corporate management and control. Its key principles are intended to strengthen the confidence of investors in the company and in Austria as a financial marketplace, and include equal treatment for all shareholders, transparency, the independence of the supervisory board, open communications between the managing board and supervisory board, the avoidance of conflicts of interest by bodies of the corporation and efficient control by the supervisory board and auditor. The code exceeds legal requirements, and compliance is voluntary. Observance of the code also means that the failure to meet C-Rules ("comply or explain") must be explained and disclosed.

Wienerberger is the leader for transparency

Wienerberger was one of the first companies to announce its support for the Austrian Corporate Governance Code (see www.corporate-governance.at) and to commit to compliance with its rules. Wienerberger met all rules and recommendations of the code (in the version dated January 2010) during the reporting year. The corporate governance report is integrated in this annual report (pages 18 to 37).

Evaluation and confirmation of compliance with code by KPMG and Dorda Brugger Jordis

The implementation and correctness of our public announcements is evaluated by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH on a two-year basis in accordance with the standards issued by the International Federation of Accountants for reviews, and their report is published on our website. The last auditor's evaluation of our adherence to the rules of the code and the correctness of our announcements in 2010 confirmed that the public declarations of compliance are correct. Compliance with the provisions of the code that relate to the auditor is also evaluated biennially. The resulting report by Dorda Brugger Jordis Rechtsanwälte GmbH for 2010 indicated no objections, and is also available for review on our website.

Disclosure of auditor's fees

The 141st Annual General Meeting nominated KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH to audit the 2010 consolidated financial statements and the annual financial statements of Wienerberger AG. In addition to this function, KPMG also provides tax and financial consulting services for the Wienerberger Group through its global network of partner offices. Consulting fees charged by KPMG, excluding the audit of financial statements, totaled groupwide less than € 0.2 million in 2010. The fees for the audit of the Group and related services amounted to € 1.3 million.

Internal audit function installed to further improve risk management

In order to strengthen risk management, Wienerberger has installed an internal audit department. The Managing Board and internal audit department regularly evaluate operating processes to strengthen risk management and identify opportunities for improvement, and also monitor compliance with legal regulations, internal guidelines and procedures. These activities are based on an audit plan coordinated with the Audit Committee and approved by the Managing Board as well as a groupwide risk assessment of corporate activities. In recent years the internal control system (ICS) was extended to support the early identification and management of risks and various measures were implemented and reviewed (see pages 35 to 36). Internal audit regularly reports to the Managing Board and the Audit Committee on the internal audit plan for the following year and the audit findings. A management letter prepared by the auditor and a report by this firm on the efficiency of risk management in the Wienerberger Group were presented to the chairman of the Supervisory Board and discussed by the entire Supervisory Board.

"One share – one vote" applies in full

The number of common shares issued by Wienerberger AG totaled 117.5 million after the capital increase in September 2009. There are no preferred shares or limitations on common shares, and the principle "one share – one vote" therefore applies in full. In accordance with the Austrian Corporate Takeover Act, each shareholder will receive the same price for his or her Wienerberger shares in the event of a mandatory offer. Wienerberger AG has no core shareholder. The shareholder structure of the company is described on page 67.

Disclosures required by § 243a Commercial Code, including change of control clauses

The disclosures required by § 243a of the Austrian Commercial Code can be found in the following chapters: the composition of Wienerberger capital, types of shares, limitations and rights as well as the authorization of the Managing Board to issue or buy back shares are discussed in the notes under point 25 (Capital and reserves) beginning on page 134. The chapter Wienerberger Shares and Shareholders beginning on page 65 contains information on direct and indirect investments in Wienerberger capital. The Remuneration Report (pages 30 to 33) explains the principles of remuneration policy, provides detailed information on the new long-term incentive (LTI) program and shows the compensation paid to each member of the Wienerberger Managing and Supervisory Boards as well as an overview of the shares held by these persons. The details of share-based payment are explained under point 35 of the notes beginning on page 153. Current updates on the purchase and sale of Wienerberger shares by members of the Managing or Supervisory Board are disclosed on the company's website under "Directors' Dealings". Change of control clauses are included in the employment contracts with the members of the Managing Board, the terms of the 2005 and 2010 corporate bonds, the 2007 hybrid bond as well as the syndicated term loans and other loans concluded in 2005, 2006 and 2008.

Supervisory Board rules of procedure reflect provisions of code

In keeping with the spirit of the code, the members of the Managing Board and Supervisory Board, in particular through their chairmen, regularly confer on the development and strategy of the company above and beyond discussions conducted during the scheduled meetings of the Supervisory Board. The Supervisory Board also exercises its consultative and control functions through the following four committees: the ***Presidium*** and ***Remuneration Committee***, the ***Strategy Committee, the Audit Committee*** and the ***Personnel and Nominating Committee***. The rules of procedure for the Supervisory Board are published on our website.

Duties and responsibilities of the Supervisory Board committees

The ***Supervisory Board*** is responsible for decisions that involve subjects of fundamental importance or the strategic direction of the Wienerberger Group, and has established four committees to support its activities. The ***Presidium*** represents the interests of the company on all Managing Board issues and also serves as a ***Remuneration Committee*** for the members of the Managing Board. The ***Strategy Committee*** evaluates the strategy and development of the company and prepares strategic issues for voting by the Supervisory Board. It is also authorized to approve transactions and measures that do not require the approval of the full Supervisory Board – in particular capital expenditures, acquisitions and the sale of property between € 7.5 and 30 million – and also makes decisions in urgent cases. The ***Audit Committee*** is responsible for all issues related to the annual financial statements, the audit of the Group and accounting, in preparation for the Supervisory Board. In addition, this committee monitors the effectiveness of the internal control, audit and risk management systems and evaluates the independence of the auditor and its qualifications as verified by a peer review. Harald Nograsek serves as the financial expert on the Audit Committee. The ***Personnel and Nominating Committee*** is responsible for the preparation of nominations to the Managing and Supervisory Boards. It recommends nominations to the Supervisory Board, which are placed before the Annual General Meeting for a vote. The Personnel and Nominating Committee establishes a description of the required qualifications prior to the appointment of persons to the Managing Board, and prepares decisions for the Supervisory Board based on a defined selection procedure and succession planning. This committee also approves the terms of remuneration systems for managers in the Wienerberger Group. Stock options were granted annually from 2002 to 2008 as part of a stock option plan (also see page 153ff of the notes and details on the Wienerberger website). This plan was discontinued in 2009 because it was no longer considered to be an effective or appropriate incentive for the members of the Managing Board and management due to the changed economic environment. In order to synchronize the actions of the Managing Board and management with the viewpoint of Wienerberger shareholders, a long-term incentive (LTI) program was implemented in 2010. This program represents an alternative to the former stock option plan and covers the mid- to long-term component of remuneration for the Managing Board and management. In the future, the long-term remuneration for these persons will be based on CFROI, an indicator that reflects the increase in the shareholder value. Wienerberger has set a benchmark for Austria with this LTI program, which fully meets the requirements of the Austrian Corporate Governance Code for sustainable, long-term remuneration programs for managing boards and management.

Employee participation on Supervisory Board is part of Austrian legal system

The participation of Wienerberger employees on the Supervisory Board and its committees through their elected representatives forms a legally regulated part of the Austrian corporate governance system. The Austrian Labor Relations Act entitles employees to delegate one member from among their ranks to the supervisory board of a corporation and its committees for every two members elected by the Annual General Meeting (shareholder representatives).

All members of the Supervisory Board are independent

The Austrian Corporate Governance Code requires the majority of shareholder representatives on a supervisory board to be independent. A supervisory board member is considered to be independent when he or she has no business or personal relationships with the company or its managing board that may lead to a material conflict of interest and subsequently influence his or her behavior. In accordance with this guideline and Appendix 1 of the Austrian Corporate Governance Code (in the version dated January 2010), the Supervisory Board of Wienerberger AG defined six criteria for the independence of its members. A member of the Supervisory Board is considered to be independent when he or she did not serve as a member of the Managing Board or key employee of Wienerberger AG or a Wienerberger Group company during the past five years; when he or she has no business relations with Wienerberger AG or a Wienerberger Group company of a scope considered material for that member (the same also applies to business relations with a company in which the Supervisory Board member holds a significant personal economic interest); when he or she did not work on the audit of Wienerberger AG and was not employed by and did not hold an investment in the public accounting firm that performed the audit during the past three years; when he or she did not serve on the managing board of another company in which a member of the Wienerberger Managing Board serves on the supervisory board; when he or she has not served on the Wienerberger Supervisory Board for more than 15 years; and when he or she is not closely related to a member of the Wienerberger Managing Board or to a person in one of the above-mentioned positions. All shareholder representatives on the Supervisory Board reconfirmed their independence in accordance with these criteria at a meeting on February 21, 2011. The criteria for independence are published in detail on the Wienerberger website.

Related party transactions

No loans were granted to the members of the Supervisory Board or Managing Board. Information on related party transactions is provided on page 152 of the notes.

Measures to support women in management positions

In 2010 an initiative was started to support the addition of a female member to the Supervisory Board. The appointment of a woman to the Managing Board is not foreseeable at the present time because there are no plans to expand this corporate body. Wienerberger follows a policy that gives equally qualified female candidates preference when senior management positions are filled. The implementation of various programs and measures (Ambassador Program, use of talent assessment tools, flexible working time models etc.) has led to an increase in the percentage of women in middle management. This group of persons forms the pool for future positions in senior and top management. We therefore expect to significantly increase the percentage of women, above all in senior and top management, over the coming years.

Members and Committees of the Supervisory Board

8 independent shareholder representatives

Friedrich Kadrnoska *Chairman*	independent, born 1951, appointed to 144th AGM (2013), first elected: May 8, 2002 Managing Board member of Privatstiftung zur Verwaltung von Anteilsrechten, Chairman of the Supervisory Boards of Österreichisches Verkehrsbüro AG, Allgemeine Baugesellschaft – A. Porr Aktiengesellschaft, CEESEG AG and Wiener Börse AG, member of the Supervisory Board of card complete Service Bank AG, Director of UniCredit S.p.A., Director of conwert Immobilien Invest SE and Wiener Privatbank SE, managing partner of A & I Beteiligung und Management GmbH
Christian Dumolin *Vice-Chairman*	independent, born 1945, appointed to 144th AGM (2013), first elected: July 17, 1996 Chairman of the Supervisory Board of Koramic Investment Group NV, honorary member of the Board of Regents of the Belgian National Bank, member of the Supervisory Board of the Belgian Banking Finance and Insurance Commission (CBFA), member of the Boards of Directors of USG People, De Steeg Investments, E & L Real Estate and Vitalo Industries
Karl Fink	independent, born 1945, appointed to 142nd AGM (2011), first elected: April 27, 2006 Member of the enlarged Group Management of Vienna Insurance Group AG Wiener Versicherung Gruppe, Managing Board member of Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, member of the Supervisory Board of AT&S Austria Technologie & Systemtechnik AG
Peter Johnson	independent, born 1947, appointed to 144th AGM (2013), first elected: May 12, 2005 Chairman of the Board of DS Smith Plc, Chairman of the Board of Electrocomponents PLC
Harald Nograsek	independent, born 1958, appointed to 142nd AGM (2011), first elected: May 8, 2002 Chief Executive Officer of Österreichisches Verkehrsbüro AG, Chairman of the Supervisory Board of DDSG – Blue Danube Schifffahrt GmbH, Managing Director of Fontana Sporthotel Gesellschaft m.b.H., Ruefa Reisen Direktbuchung GmbH and Verkehrsbüro Finanzmanagement GmbH, Director of conwert Immobilien Invest SE
Claus J. Raidl	independent, born 1942, appointed to 144th AGM (2013), first elected: May 11, 2004 President of Oesterreichische Nationalbank, member of the Supervisory Board of Wiener Börse AG, Chairman of the Board of Trustees of I.S.T. Austria, member of the Board of Trustees of Technisches Museum Wien
Wilhelm Rasinger	independent, born 1948, appointed to 142nd AGM (2011), first elected: April 27, 2006 Managing partner of Inter-Management Unternehmensberatung Gesellschaft m.b.H. and " Am Klimtpark" LiegenschaftsverwaltungsgesmbH, Chairman of IVA – Interessenverband für Anleger, Chairman of the Supervisory Board of Friedrichshof Wohnungsgenossenschaft reg. Gen. m.b.H., member of the Supervisory Boards of Erste Group Bank AG and CEE Immobilien Development AG
Franz Rauch	independent, born 1940, appointed to 143rd AGM (2012), first elected: May 11, 2004 Managing partner of Franz Rauch GmbH, Vice-Chairman of the Supervisory Board of Treibacher Industrie AG, member of the Supervisory Boards of UniCredit Bank Austria AG, Buy-Out Central Europe II Beteiligungs-Invest AG, Vorarlberger Kraftwerke AG, Vorarlberger Illwerke AG, Hirschmann Automotive GmbH, Collini Holding AG and Austria Email AG

4 employee representatives

Rupert Bellina	delegated for the first time: January 25, 2005; Foreman at Semmelrock Ebenseer Baustoffindustrie
Claudia Schiroky	delegated for the first time: July 2, 2002; Chairwoman of the Employees' Council at Wienerberger AG
Karl Sauer	delegated for the first time: October 9, 1996; Chairman of the Central Employees' Council, speaker of the European Employees' Council
Gerhard Seban	delegated for the first time: February 3, 2006; Salesman at the Hennersdorf plant in Austria

4 committees

Presidium and Remuneration Committee	Friedrich Kadrnoska *(Chairman)*, Christian Dumolin
Strategy Committee	Friedrich Kadrnoska *(Chairman)*, Christian Dumolin, Peter Johnson, Claus J. Raidl, Karl Sauer
Audit Committee	Harald Nograsek *(Chairman)*, Wilhelm Rasinger, Karl Sauer
Personnel and Nominating Committee	Friedrich Kadrnoska *(Chairman)*, Christian Dumolin, Karl Fink, Franz Rauch, Karl Sauer

Report of the Supervisory Board

Extensive coordination between Supervisory and Managing Boards

The Supervisory Board and Managing Board held six meetings during the reporting year, which focused on the financial position and strategic development of the Wienerberger Group as well as major events, investments and other measures. The Managing Board provided the Supervisory Board with detailed information at all meetings, and also supplied regular written reports on the business and financial condition of the Group and its holdings as well as the personnel situation and planned acquisitions and investments. Separate reports were submitted on special projects. In addition, the chairman of the Supervisory Board held regular conferences with the chief executive officer to discuss the strategy, development of business and risk management of the company.

In-depth treatment of individual topics by the committees and attendance report

The committees examined a range of specialized subjects in detail and reported to the Supervisory Board on the results of these discussions. The responsibilities of the individual committees are described in the chapter "Corporate Governance at Wienerberger" on page 20, and the members of the committees are listed on page 22. The Personnel and Nominating Committee met three times; the Audit Committee met four times; and the Strategy Committee met twice. The Presidium, which also serves as a remuneration committee, met once. It received regular information from the Managing Board on the development of business and represented the company on Managing Board issues. The activities of the Presidium covered a review and the approval of Managing Board remuneration, including the variable components of compensation. The criteria used to determine the variable components of compensation, the principles underlying pension commitments and severance payments as well as information on the compensation paid to individual members of the Managing Board and Supervisory Board are explained in the remuneration report (pages 30 to 33). No member of the Supervisory Board was absent at more than half of the meetings, and three committee members were each excused from one meeting. All members of the Audit Committee were present at all four meetings.

Audit committee examines annual financial statements, risk management and internal audit

At its meeting on January 15, 2010 the Audit Committee discussed the latest changes in IFRS and the resulting effects on the Wienerberger consolidated financial statements, significant accounting and valuation issues and an update to implement amendments to Austrian corporate law as well as a report on current and planned activities and the conclusions resulting from internal audit projects. In order to ensure that the Audit Committee meets the monitoring responsibilities required by § 92 (4a) of the Austrian Stock Corporation Act in the best way possible, a uniform structure was defined for all future meetings: information on the accounting process will be followed by a report on the development of the internal control system and a discussion of the most important financial and business risks. Internal audit will then report on current audit activities and present the respective findings. The Audit Committee consulted the auditor in its meeting on March 17, 2010, which focused on an examination of the 2009 annual financial statements of Wienerberger AG, the management report, the consolidated financial statements, the group management report, the corporate governance report and the recommendation of the Managing Board for the distribution of profit. The Audit Committee also reviewed the independence of the auditor for the 2010 financial year, covering the legal relations of this firm with the Wienerberger Group and the members of its corporate bodies, and prepared a recommendation for the auditor's election. In addition, the Audit Committee discussed a report by the auditor on the status of risk management in the Group. It concluded that risk management at Wienerberger permits the effective identification, evaluation and monitoring of risk factors as well as a prompt reaction to these risks.

Friedrich Kadrnoska,
Chairman of the Supervisory Board of Wienerberger AG

Long-term incentive (LTI) program implemented as incentive for Managing Board and management

The stock option plan was discontinued in 2009 because it was no longer considered to be an effective or appropriate incentive for the members of the Managing Board and management due to the changed economic environment. In order to better synchronize the focus of the Managing Board and management with the viewpoint of Wienerberger shareholders, the Personnel and Nominating Committee developed a long-term incentive (LTI) program, which was presented in the 141st Annual General Meeting. This program represents an alternative to the former stock option plan and is intended to support the sustainable development of the company by providing mid- and long-term incentives for management. In the future the long-term variable remuneration for the Managing Board and management will be based on CFROI, an indicator that reflects the increase in shareholder value. Wienerberger has established a benchmark for corporate remuneration in Austria with this LTI program, which also fully meets the Austrian Corporate Governance Code requirements for top management remuneration that is focused on sustainability. The Personnel and Nominating Committee received a report on preparations for the LTI program at its meeting on February 10, 2010 and approved the implementation on May 20.

All Supervisory Board members are independent

In the meeting on February 10, 2010 the individual members of the Supervisory Board reconfirmed their independence in accordance with the Austrian Corporate Governance Code, and on March 23, 2010 the Managing Board presented a compliance report on the 2009 financial year. The criteria for independence defined by the Supervisory Board are summarized on page 21 and disclosed in detail on the Wienerberger website.

Definition of strategic focal points

The Strategy Committee meetings on April 27 and October 15, 2010 focused on the Wienerberger strategy. In order to reduce the dependence of the company on new residential construction over the mid-term, the corporate strategy was expanded to include the extension of the core business. An increased concentration on system solutions, product innovation, marketing and sales as well as the optimized utilization of capacity were also defined as strategic focal points.

Chairman and vice-chairman confirmed

The Supervisory Board meeting that followed the 141st Annual General Meeting on May 20, 2010 reconfirmed Friedrich Kadrnoska as chairman and Christian Dumolin as vice-chairman. In accordance with § 270 (1) of the Austrian Commercial Code, the Supervisory Board followed an authorization of the Annual General Meeting by formally engaging KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH to audit the financial statements for 2010.

Self-evaluation by Supervisory Board

The Managing Board reported in detail on results for the first six months of 2010 at the meeting of the Supervisory Board on August 16. Results for the third quarter, the energy strategy and a self-evaluation of working procedures by the Supervisory Board represented the focus of discussions on November 2, while the current development of business, a preview of results for the full year and the approval of the 2011 budget were the central issues on December 15, 2010.

Criteria established for short-term variable remuneration of Managing Board in 2011

In its meeting on December 15, 2010 the Personnel and Nominating Committee established the criteria for the short-term variable remuneration of the Managing Board in 2011 and discussed possible changes in the composition of the board that would allow for a greater focus on diversity.

Auditor's report on annual financial statements

The annual financial statements and the management report of Wienerberger AG as well as the consolidated financial statements for 2010 according to IFRS were audited by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH; this audit did not give rise to any objections. The Audit Committee discussed the documentation for the annual financial statements, the recommendation of the Managing Board for the distribution of profit and the auditor's reports in detail with the auditor and presented this information to the Supervisory Board. The Supervisory Board examined this information as required by § 96 of the Austrian Stock Corporation Act and agrees with the results of the audit. The Supervisory Board has approved the annual financial statements, which are hereby ratified in accordance with § 96 (4) of the Austrian Stock Corporation Act and agrees with the recommendation of the Managing Board for the use of net profit.

Thanks to employees and management

The Supervisory Board would like to express its thanks to the management and employees of the Group for their outstanding performance in a market environment that remains challenging. Wienerberger is well-positioned for a future economic upturn due to its innovative products and system solutions, its strong industrial and operating base and its healthy capital structure.

Vienna, March 30, 2011
Friedrich Kadrnoska, Chairman

Managing Board and Management

Heimo Scheuch

***Chief Executive Officer,** appointed up to May 2014, born 1966, married*

After the completion of legal studies at the Universities of Vienna and Paris and studies at the Vienna University of Economics and Business Administration and École Supérieure de Commerce de Paris, he began his career with the legal firm Shook, Hardy & Bacon in Milan and London as a corporate finance specialist. In 1996 he joined Wienerberger AG as assistant to the Managing Board; in 1997 he transferred to the senior management of Terca Bricks in Belgium, where he became CEO in 1999. Heimo Scheuch was appointed to the Managing Board in May 2001 and appointed Chief Executive Officer of Wienerberger AG by the Supervisory Board in August 2009.

Additional functions: Member of the Supervisory Board of Sto AG, Member of the Supervisory Board of Soravia Group AG, (until January 12, 2011), President of TBE (European Bricks and Tiles Federation)

Willy Van Riet

***Chief Financial Officer,** appointed up to May 2014, born 1957, married, one daughter, one son*

After receiving his Masters Degree in Business Economics from the University of Ghent, he started his career as an auditor and subsequently senior manager with Price Waterhouse Coopers in Belgium. He has been active in the building materials sector since 1993, first as Chief Financial Officer of Terca Brick Industries and later Koramic Building Products (also as a member of the Wienerberger Supervisory Board). In 2004 he took over the management of Wienerberger Limited in Great Britain. Willy Van Riet has been Chief Financial Officer of Wienerberger AG since April 1, 2007.

Johann Windisch

***Chief Operating Officer,** appointed up to May 2014, born 1952, married, one daughter, one son*

After receiving his doctorate in Industrial Engineering and Management from the Technical University of Vienna and consulting work for Agiplan in Vienna, he joined Wienerberger in 1980 as assistant to the Managing Board. He assumed management of the controlling and accounting departments in 1983, and took over direction of the building construction sector in 1987. He was then appointed to the Managing Board of Wienerberger Ziegelindustrie, where he became CEO in 1999. In May 2001 he was appointed to the Managing Board of Wienerberger AG as COO.

Work Flows in the Managing Board

The activities of the Managing Board are based on three major elements: the individual areas of responsibility, the actions of the Managing Board as a corporate body and reporting.

Individual areas of responsibility

In his own area of responsibility, each Managing Board member is extensively involved in the relevant strategic and operational activities and is in continuous contact with the managers who report to him. Major events and procedures are regularly discussed with the other board members to ensure coordinated action.

Joint work on the Managing Board

Communication represents the foundation for the work of the Managing Board as a corporate body. This interaction and exchange of ideas takes place at formal board meetings that are normally held once each week and through an ongoing exchange of information at the informal level.

Willy Van Riet, Heimo Scheuch and Johann Windisch

Frequent contact is guaranteed by the arrangement of offices – the rooms for the board members are adjoining and are connected by a common secretariat. Discussions at the board meetings cover the state of the business, above all with respect to the development of demand, prices and costs as well as the utilization of capacity in the company's plants. The necessary actions are determined jointly, and subsequently implemented by the responsible member of the Managing Board in his area of responsibility. The board meetings also include the discussion of strategic issues (together with the managers in charge when necessary), with a concentration on the development of markets, products and technologies. Transactions that require the consent of the Supervisory Board are discussed, and the relevant proposals are submitted to this body after approval. Decisions by the Managing Board are made unanimously whenever possible, and all contracts approved by the Managing Board must be signed by at least two members.

Corporate management based on extensive reporting system

The management of the company is built on an extensive reporting system. Of special importance is the monthly report, which includes detailed facts and figures on the operating units – an income statement by country, segment and product group as well as information on the development of volumes, prices and costs, working capital and capital expenditure. The Managing Board also receives standardized reports each month on the energy and financial situation as well as the status of individual projects in the product and technology areas. Quarterly reports provide macroeconomic data on the individual countries.

Managing Board of Wienerberger AG

Managing Board of Wienerberger AG comprised of three persons

With the appointment of Heimo Scheuch as Chief Executive Officer in September 2009, the Managing Board was reduced from four to three members. This led to an increase in the scope of responsibility for each board member, as well as a decrease in total remuneration for the Managing Board to demonstrate that cost-consciousness also has top priority for the board members. The operating and strategic management of Wienerberger is divided among the three board members. Heimo Scheuch is responsible for North American as well as Semmelrock and real estate. Johann Windisch, the Chief Operating Officer, is in charge of the Central-East Europe, Central-West Europe and North-West Europe segments and business activities in India. Willy Van Riet serves as the Chief Financial Officer and is also responsible for Wienerberger's investments in other companies.

EMDs responsible for operating management on regional level

Operating management at the local and product level is the responsibility of the four Executive Managing Directors, each of whom is in charge of a specific region (Central-East Europe, Central-West Europe, North-West Europe, North America, Emerging Markets). The responsibility of these directors covers the operating management in the region, the regional development of the product groups and the coordination of actions between the operating country units and the product groups. This new structure is intended to reduce decision paths and also increase regional and product-specific synergies through cross-national cooperation.

Executive Committee as consultative body for the Managing Board

The Executive Committee serves as an advisory body for the Managing Board. It includes the Managing Board of Wienerberger AG and the four Executive Managing Directors. The Executive Managing Directors exercise an advisory and support function for the Managing Board in all operating and strategic issues involving the Wienerberger Group.

Top Management Holding

The Top Management Holding supports the Managing Board in the strategic and organizational development of the Wienerberger Group. It consists of the first reporting level and comprises the Executive Managing Directors as well as the Heads of Product Groups and Corporate Services. This organizational structure ensures a close cooperation between the regions and product groups, in order to use cross-national and product-specific synergies.

Executive Managing Directors

Christian Schügerl	Central-East Europe (excl. Austria)
Christof Domenig	Central-West Europe (incl. France, Austria)
Bert Jan Koekoek	North-West Europe (excl. France)
Karl Thaller	Emerging Markets

Heads of Product Groups

Martin Kasa	Product Group Wall
Franz Kolnberger	Product Group Roof
Zdenka Debartoli	Product Group Facade (since April 1, 2011)

Heads of Corporate Services

Barbara Braunöck	Investor Relations
Bernd Braunstein	Corporate Legal Services
Gerald Ettmann	Internal Audit
Gerhard Hanke	Corporate Controlling
Stefan Huber	Corporate Treasury
Martin Kasa	Corporate Marketing / Public Relations
Gerhard Koch	European Affairs
Anton Moser	Corporate Supply Chain Management (since February 1, 2011)
Christian Reingruber	Corporate Development / New Products
Jörg Schwander	Corporate Engineering
Bernhard Waiker	Corporate Procurement
Wolfgang Weiss	Corporate Human Resources

Organization

	Heimo Scheuch CEO	Johann Windisch COO		Willy Van Riet CFO
Corporate Services	Corporate Development/ New Products	Corporate Engineering		Corporate Controlling
	European Affairs	Supply Chain Management		Corporate IT
	Corporate Legal Services			Corporate Treasury
	Corporate Human Resources			Internal Audit
	Corporate Marketing/Public Relations			Investor Relations
				Corporate Risk Management
				Corporate Procurement
Executive Managing Directors		Central-East Europe		
		Central-West Europe		
		North-West Europe		
		Emerging Markets		
Product Groups	Product Group Concrete	Product Group Wall		
		Product Group Roof		
		Product Group Facade		
Operating Segments	**North America**	**Central-East Europe**	**North-West Europe**	
	USA	Austria	Belgium	
	Canada	Slovakia	France	
		Czech Republic	Netherlands	
	Concrete	Hungary	Great Britain	
	Semmelrock	Romania	Denmark	
		Bulgaria	Sweden	
		Poland	Norway	
		Slovenia		
		Croatia		
		Estonia		
		Finland		
		Emerging Markets		
		Russia		
		India		
	Investments and Other	**Central-West Europe**		**Investments and Other**
	Steinzeug	Germany		Tondach Gleinstätten
	Real Estate	Italy		Pipelife
		Switzerland		Bramac

Remuneration Report

Remuneration report explains amount and structure of payments to Managing and Supervisory Boards

The remuneration report summarizes the principles that are used to determine the remuneration for the Managing and Supervisory Boards of Wienerberger AG, provides details on the amount and structure of payments to these persons and includes data on the number of shares owned by members of the Managing and Supervisory Boards. The Supervisory Board has transferred the determination of remuneration for the Managing Board of Wienerberger AG to the Presidium, which also serves as a remuneration committee.

Remuneration system focused on appropriate compensation for Managing Board

In accordance with Austrian law, the Managing Board is appointed for a specific period that equals a maximum of five years per term. The employment contracts for the individual members of the Wienerberger Managing Board are prepared by the Remuneration Committee together with an external consultant. The goal of the remuneration system is to provide the members of the Managing Board with compensation that is appropriate in national and international comparison (building materials sector) based on their functions and scopes of responsibility. An important element of this remuneration system is the structuring of cash payments into fixed and variable components.

Fixed component of salary is based on responsibilities

The ***fixed component*** reflects the scope of responsibility of the Managing Board member and, following common practice in Austria, is divided into fourteen installments and paid at the end of each month. This results in different base salaries that correspond to the individual duties as well as the related strategic and operating responsibilities of the various board members.

Short-term variable remuneration for Managing Board tied to operating EBITDA target in 2010

The ***variable component*** is linked to a sustainable increase in shareholder value and comprises a short-term and a long-term component. The ***short-term variable remuneration component*** is tied to the achievement of short-term corporate goals and is determined by the Supervisory Board annually for the next financial year. For 2010 an operating EBITDA target was defined on the basis of the budget, with a corridor establishing the minimum and maximum limits for proportional payout. If operating EBITDA remained below the defined minimum, no short-term variable remuneration would be paid; if the upper limit were reached or exceeded, the payment would be capped at 200% of the fixed salary. Since the minimum operating EBITDA was not reached in 2010, the members of the Managing Board will receive no short-term variable remuneration for the reporting year.

No variable Managing Board remuneration in 2010 since target was not reached

In August 2009 Heimo Scheuch, former COO, succeeded Wolfgang Reithofer as chief executive officer of Wienerberger. The resulting reduction from four to three board members and the absence of short-term variable remuneration for 2010 led to a year-on-year decrease of 42% in the total Managing Board remuneration:

Cash compensation Managing Board	2009			2010		
in €	Fixed	Variable	Total	Fixed	Variable	Total
Heimo Scheuch	509,550	254,775	**764,325**	628,969	0	628,969
Johann Windisch	430,254	215,127	**645,381**	501,715	0	501,715
Willy Van Riet	344,203	172,101	**516,304**	461,577	0	461,577
Wolfgang Reithofer 1)	407,201	390,262	**797,463**	0	0	0
Total	**1,691,208**	**1,032,265**	**2,723,473**	**1,592,261**	**0**	**1.592.261**

1) Retired as of July 31, 2009

Introduction of long-term variable remuneration component to support sustainable increase in shareholder value

The ***long-term variable remuneration component*** was based on a stock option plan for key Group managers up to the end of 2008 (also see the Wienerberger website). This plan was discontinued in 2009 because it was no longer considered to be an effective or appropriate incentive for the members of the Managing Board and management due to the changed economic environment. The Supervisory Board subsequently developed an alternative model for the Managing Board and key managers of the Group (approx. 30 persons), which covers the mid- to long-term component of remuneration. This long-term incentive (LTI) program is designed to support a sustainable increase in shareholder value whereby the share price works as added leverage. The program will encourage managers to focus their actions more on the value-oriented viewpoint of shareholders and also strengthen their identification with corporate planning and goals.

Long-term incentive (LTI) program to synchronize management goals with shareholders' interests

Each year – starting in 2010 – virtual shares, so-called performance share units (PSUs) will be issued and allocated to the program participants based on their position in the company (CEO: 8,000; board member: 6,000; executive managing director: 2,500; holding company top management and managing directors of larger local companies: 1,000). Special conditions for participation apply to the Managing Board: these persons must hold an investment in Wienerberger shares equal to or exceeding the number of PSUs granted and these shares may not be sold until the respective program expires. The monetary value of the PSUs will be determined at the end of a three-year performance period by multiplying the target achievement with the average price of the Wienerberger share during the last 20 ATX trading days in the third year. The target achievement depends on CFROI in the third year after the PSUs are issued. There will be no payout if CFROI falls below a defined target corridor. Payouts resulting from the target achievement are not made at once, but in three equal installments over a period of two years. If annual CFROI falls below the minimum value during this period, the following installment is canceled.

Wienerberger sets the benchmark for sustainable management remuneration

Wienerberger has established a benchmark for Austria with this LTI program, which fully meets the requirements of the Austrian Corporate Governance Code for sustainable, long-term remuneration programs for managing boards and management.

Other activities require approval of Supervisory Board

The members of the Managing Board require the approval of the Supervisory Board before they may enter into any activities outside the scope of their work with Wienerberger. This guarantees that neither the time required nor the related compensation could lead to a conflict with their duties for the company. Any outside activities that involve seats on supervisory boards or comparable positions for publicly traded companies are listed on page 26 and also disclosed on the Wienerberger website. No compensation is provided for positions in Group companies.

Pension agreements for the Managing Board are mainly defined contribution plans

All members of the Managing Board are covered by ***defined contribution pension agreements*** that require the company to make a fixed contribution each year. The company has no obligations above and beyond these agreements. Contributions to pension funds (defined contribution commitments) and provisions for pensions (defined benefit commitments) totaled € 644,085 for the members of the Managing Board in 2010 (2009: € 649,897). The members of the Managing Board are entitled to severance compensation on the termination of employment in accordance with legal regulations in Austria, which is based on total compensation as well as the length of service with the company. The addition to the provision for severance compensation totaled € 275,238 (2009: € 803,919). Payments of € 776,400 were made to former members of the Managing Board and their surviving dependents during the reporting year (2009: € 3,321,126).

Conclusion of D&O-insurance with coverage of € 75 million

Wienerberger has concluded directors and officers insurance with coverage of € 75 million for the members of the Managing Board, operational bodies, control bodies and key employees. This policy also covers damages to the company that arise from the failure of these parties to act conscientiously (without any intentional or conscious violation of their responsibilities).

Remuneration system for Supervisory Board unchanged since 2006

The Annual General Meeting on April 27, 2006 approved the following remuneration system for the Supervisory Board: each member receives reimbursement for cash expenses as well as fixed remuneration of € 10,000 per year, and each member of the Strategy, Audit and Personnel and Nominating Committee receives an additional € 5,000 per year and committee. This fixed remuneration is adjusted on the basis of the Statistik Austria consumer price index for 2005 or a subsequent index. Furthermore, every member of the Supervisory Board receives performance-based remuneration equal to 0.07‰ of annual profit after tax before non-controlling interests and after the deduction of the related costs for any hybrid bonds and/or other comparable financial instruments issued by Wienerberger AG, as shown in the audited and certified consolidated financial statements. The chairman receives twice this amount and the vice-chairman one and one-half this amount. If a member of the Supervisory Board is not active during the full financial year, the remuneration is paid in proportion to the time available. If members of the Supervisory Board take on a special function in the interests of the company in this capacity, the Annual General Meeting may approve special remuneration for their activities.

The members of the Supervisory Board received remuneration totaling € 173,645 for 2010 (payment in 2011), which is distributed as follows:

Supervisory Board Remuneration *in €*	**2009**	**2010**
Friedrich Kadrnoska, Chairman	42,431	43,412
Christian Dumolin, Vice-Chairman	31,823	32,559
Karl Fink	15,912	16,279
Peter Johnson	15,912	16,279
Harald Nograsek	15,912	16,279
Claus J. Raidl	15,912	16,279
Wilhelm Rasinger	15,912	16,279
Franz Rauch	15,912	16,279
Total	**169,726**	**173,645**

No pension commitments or additional compensation for Supervisory Board

No compensation is paid for services outside the above-mentioned Supervisory Board duties, in particular for consulting or arranging services. The salaries received by the employee representatives as part of their employment contracts represent exceptions to this rule. No pension commitments were made to the members of the Wienerberger Supervisory Board.

Managing and Supervisory Boards voluntarily disclose holdings in Wienerberger shares

The members of the Managing and Supervisory Boards have voluntarily agreed to disclose their holdings in shares of Wienerberger AG. In accordance with § 48 of the Austrian Stock Exchange Act, the purchase or sale of shares by the members of these boards is reported to the Austrian Financial Market Authority and also disclosed on the Wienerberger website (see "Directors' Dealings"). The number of Wienerberger shares held by the members of the Managing and Supervisory Boards at the end of 2010 totaled 262,679.

Number of shares owned		**1.1.2010**	**Purchase**	**Sale**	**31.12.2010**
Managing Board	Heimo Scheuch	41,252	10,000	0	51,252
	Johann Windisch	0	6,000	0	6,000
	Willy Van Riet	22,142	0	0	22,142
Supervisory Board	Friedrich Kadrnoska	9,461	0	0	9,461
	Christian Dumolin	133,000 1)	0	0	133,000 1)
	Karl Fink	0	0	0	0
	Peter Johnson	0	0	0	0
	Harald Nograsek	1,400	0	0	1,400
	Claus J. Raidl	4,200	0	0	4,200
	Wilhelm Rasinger	35,224	0	0	35,224
	Franz Rauch	0	0	0	0
Total		**246,679**	**16,000**	**0**	**262,679**

1) Held on behalf of Koramic Finance Company NV (Korfima)

Risk Management

Identification and analysis of 15 major risks as part of risk management process

Global operations expose the Wienerberger Group to a variety of risks. In principle, Wienerberger views risk as the potential divergence from corporate goals and therefore as a range of potential future scenarios. Risk covers the possibility of a loss (risk in the literal sense of the word) as well as the failure to realize an additional gain. The goal of our risk management system is to identify risks at an early stage and implement suitable measures to minimize any divergence from corporate goals. These procedures require the identification, assessment, management and monitoring of risks, and represent an integral part of our internal risk management activities. The risk assessment that was prepared in prior periods is updated annually by top management. Based on the probability of occurrence and the potential impact on the Group, the identified risks are ranked according to their significance and the 15 major risks are analyzed in detail. In 2010 this process led to a change in the weighting of individual risks as well as the addition of new factors to our risk catalogue. The most important risks are described below, and a detailed description of all risks is provided in the risk report beginning on page 146 of the notes.

Market, Production and Price Risks

Business development heavily dependent on new residential construction

As a building materials producer, Wienerberger operates in a cyclical industry where business is dependent, above all, on new residential construction – a sector whose development is closely linked to the economic environment in the respective country. Other major factors that have a decisive influence on new residential construction are consumer confidence, long-term interest rates and the availability of mortgage loans or financing for residential construction projects. In order to minimize the impact of individual markets on Group earnings, we pursue a strategy of geographical diversification and concentration on our core business. Weak economic growth and a subsequent decline in local construction activity increase the risk of excess capacity. This can lead to greater pressure on prices and uncovered costs, and, as a consequence, could make price adjustments necessary. In order to reduce the effects of these risks on earnings, we continuously monitor our capacity and make the necessary adjustments through temporary shutdowns and/or the shift of production to reflect market demand. Furthermore Wienerberger is competing with other roof and wall materials which exposes the Group to a risk of substitution. Our strong position as a quality leader and investments in the development of premium products should allow us to minimize price and substitution risks.

Financial Risks

Preservation of healthy capital base through financial discipline

After the completion of restructuring at the end of 2009 – a process that focused on the preservation of cash through cost reduction, the active management of capacity and working capital and a cutback in investments to a minimum – as well as a capital increase in September 2009, Wienerberger has a strong capital base and balanced financing structure with gearing of only 15% at year-end 2010. The goal is to also maintain this standing in the future. Wienerberger is not only exposed to liquidity risk, but also to foreign exchange and interest rate risks. We use foreign exchange swaps to secure appropriate coverage between assets and liabilities, and thereby minimize the impact of exchange rate fluctuations on Group equity. In recent years Wienerberger has been able to significantly lower the risks associated with exchange rate and interest rate risks through its hedging activities. A description of the financing situation and hedging measures is provided in the Financial Review beginning on page 72, exchange rate risk is discussed beginning on page 148 of the notes.

Procurement Risks

The necessary raw material supplies are secured by company-owned property (two-thirds) and long-term mining contracts (one-third). Wienerberger works to counteract the risk of an energy shortage and the resulting volatility in energy prices by continuously monitoring the situation on key markets, by concluding forward contracts that define purchase prices at an early point in time and by closing long-term supply contracts. For 2011 we have already signed contracts that cover a large part of our natural gas and electricity requirements. A detailed description of our energy procurement policy is provided on page 53. However, our main activities in this area are directed to optimizing the use of energy in production.

Hedging and long-term supply contracts to counteract energy shortage

Legal Risks

Due to our positions in specific markets, the pricing policies of our subsidiaries are actively monitored by competition authorities. Price-fixing agreements are not part of Wienerberger business policies; our internal guidelines expressly prohibit such activities and call for severe sanctions in the event of violations.

Groupwide compliance guideline to ensure observance of antitrust laws

From the present point of view, there are no risks that could endanger the continued existence of the Wienerberger Group. Insurance policies have been concluded to cover specific guarantee and warranty risks. The scope of these insurance policies is analyzed regularly based on the maximum cost associated with the insured risk and the relevant insurance premium. In order to counter potential risks that could result from the wide variety of tax, competition, patent, antitrust and environmental regulations and laws faced by Wienerberger, management decisions are based on consultations with company and outside experts. Compliance with regulations and the supervision of employees in their interaction with risk is a basic responsibility of all Wienerberger managers.

No identifiable risks that could endanger the entire Group

In order to ***avoid and manage risk***, the local companies deliberately take on risks only as part of their operating activities and always evaluate these risks in relation to the potential gains or opportunities. Any speculative actions outside the scope of operating activities are prohibited. Risks that are not directly related to operating activities, for example financial risks, are monitored and managed by the Group's parent company. The most important instruments for the ***monitoring and management of risk*** are planning and controlling processes, Group guidelines, regular reporting and the internal control system (ICS).

Risks only taken on in operating business

Internal Control System

The installation of an internal audit department as a staff function reporting to the Managing Board is designed to reflect the principles of good corporate governance, in particular through the strengthening of the internal control system (ICS). The Managing Board and internal audit department regularly evaluate operating processes to strengthen risk management and identify opportunities for improvement, and also monitor compliance with legal regulations, internal guidelines and procedures. These activities are based on an audit schedule developed by the Audit Committee and approved by the Managing Board as well as a groupwide risk assessment of corporate activities. The internal audit department is also responsible for ad-hoc audits, which are requested by management and address current and future risks.

Internal control system evaluated by internal audit

Internal control system based on recognized best practices and standards, with regular revisions

The ICS is regularly revised and expanded by internal audit together with the Group's specialist departments to support the early identification and management of the risks arising from potentially inadequate monitoring systems or fraudulent actions. This system is based on the standards defined in the COSO – the Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission, a recognized international guideline for internal control procedures. Together with the Group guidelines and standardized reporting system, it provides management with a comprehensive tool to analyze and manage the uncertainties and risks arising from business activities.

ICS implemented locally, but compliance monitored centrally by internal audit

In keeping with the decentralized structure of the Wienerberger Group, local management is responsible for the implementation and monitoring of the internal control system. The managing directors of the individual subsidiaries are required to evaluate and document compliance with the controls defined in the ICS guidelines. The internal audit department subsequently verifies compliance with these audit procedures by local management, and reports the results of its examinations to the individual managing directors and to the Managing Board of Wienerberger AG.

Audit Committee monitors accounting processes and effectiveness of internal controls in accordance with Austrian law

The internal audit department and corporate controlling provide the Audit Committee with quarterly reports on major accounting and valuation procedures, the effects of revisions to IFRS on the consolidated financial statements, significant changes in accounting processes and the results of risk management analysis. The Audit Committee is also regularly informed of audit results and relevant measures as well as the improvement of weaknesses identified by the ICS.

Effectiveness of risk management audited and confirmed by KPMG

Reporting plays a key role in the monitoring and control of the risks associated with operating activities. The Group auditor evaluates the effectiveness of Wienerberger risk management each year, and reports to the Supervisory and Managing Boards on the results of this analysis. The functional capability of Wienerberger risk management was examined and confirmed by the auditor. In addition, the control systems of the individual corporate functions are tested as part of the annual year-end audit. Internal audit and the auditor selected 25 control points from all areas of the corporation for detailed review by KPMG in 2010. The results of these audits were presented to the Managing Board and the Audit Committee, and internal audit will take any necessary actions based on the resulting conclusions. A detailed description of the risks facing the Wienerberger Group is provided beginning on page 146 of the notes.

Interview with Willy Van Riet, CFO

How would you evaluate Wienerberger's current capital structure? Are you planning to increase debt further in the near future?
If we have learned one lesson from this crisis, it is not to overleverage a cyclical business. We did our financial homework and now have a very solid capital base with net debt of roughly € 375 million – which represents gearing of only 15% or a net debt/operating EBITDA ratio of 1.8. My goal is to keep this ratio below 2.5 by year-end over the next years. However, that does not mean we would accompany a significant improvement in EBITDA with a parallel increase in debt – financial discipline will remain a guiding principle for Wienerberger in the future.

You currently have a high cash balance of € 450 million. Wouldn't it make sense to repay all bank loans or start a share buyback program?
We need a good part of this cash to finance working capital, which flows into inventory build-up during the first two quarters of the year. The remaining funds will be used for growth in the form of smaller, value-creating bolt-on projects and acquisitions. We may also use these liquid funds to repay some of the financial liabilities that are due in 2011 or the bond that will mature in 2012. Based on the current point of view, we have no plans for a share buyback.

At the beginning of 2011 you renegotiated the bank covenants. What was the background for this step?
The temporary agreements reached with our banks during the 2009 crisis were scheduled to expire by year-end 2010. We therefore negotiated with these institutions to select covenants that better reflect the seasonal development and cyclical character of the building materials industry. I am pleased to say that we were able to come to an unanimous agreement on all outstanding bank loans. In the future, net debt to operating EBITDA may not exceed 3.5 and EBITDA interest cover may not fall below 3.75. Another feature of those covenants is that they will only be tested every six months, and not each quarter as in the past.

Many experts are forecasting higher interest rates in the near future. Will this lead to an increase in interest expense for Wienerberger?
No, on the contrary – I actually see the opposite effect for Wienerberger's net interest costs if interest rates begin to rise. Roughly 80% of our liabilities carry fixed interest rates, and an increase would not worsen the interest charge. What I do see is a positive effect, since rising interest rates would also mean higher interest income on our cash reserves.

Key Factors and Major Drivers

New residential construction and renovation

The pace of new residential construction on local markets has a major influence on the demand for bricks. Population growth, bank lending policies and consumer confidence in the individual countries are the most important drivers for new residential construction. Bricks are also used in non-residential construction, which includes public and commercial buildings. In contrast, the demand for clay roof tiles is driven more by renovation (55%) and less by new construction (45%), while sales of pipe systems are closely related to public infrastructure projects.

Focus on the core business and generation of high cash flows

The core business of Wienerberger – products for walls, facades, roofs, paving and pipe systems – is capital-intensive. After a high initial investment, only ca. 60% of depreciation is normally required for maintenance, rationalization and environmental protection measures (2010: only approx. 30%). This releases substantial free cash flows that are available for debt repayment, dividends and growth projects. However, in times of economic uncertainty we use these cash flows above all to safeguard liquidity and maintain a healthy capital structure.

Products and product development

Wienerberger has established a reputation as the most innovative company in the brick industry through decades of successful research and development work. Our close contacts with architects, construction firms and consumers give us new impulses and suggestions for the improvement of our products. In the clay block segment, our goal is to optimize the technical properties of our products – for example thermal accumulation, sound insulation and efficient laying – and also improve stability and load-bearing capacity, which play an important role above all in earthquake-prone areas. In facing bricks, clay roof tiles and pavers, we concentrate on the early identification of architectonic trends. We adjust our offering to meet local needs and tastes, and continually add new items to our product lines. In the roof tile segment, we have positioned our company as a system provider by expanding our product line to also include non-ceramic accessories.

Cost and capacity management

The continuous optimization of costs throughout the Group – in production (above all with respect to the use of energy) as well as administration and sales – is an integral part of the Wienerberger culture. Our extensive network of plants in all markets and product areas allows us to actively manage capacity and react quickly to changes in the operating environment and demand. That makes it possible for us to achieve a reasonable level of capacity utilization in times of crisis, and also leads to an improved (fixed) cost structure.

Strong market positions and customer relations

Our goal is to develop strong market positions and customer relations in all markets in which we are active and to continuously improve in these areas of our business. We work to meet this goal with high-quality products and services as well as sustainable and responsible actions by all our employees.

Know-how and synergies

The competitive advantage of the Wienerberger Group is based on detailed knowledge of local markets by all our employees in the operating companies as well as the use of groupwide synergies through the exchange of know-how in the areas of technology, marketing, product development and procurement.

Local presence and decentralized organization

In order to fully cover a regional market with bricks, a company needs a network of production facilities as well as an organization that places high value on decentralized responsibility and local know-how. The maximum economically feasible supply radius is 250 km for clay blocks, 500 km for facing bricks and 800 km for clay roof tiles. Different regional and cultural preferences and construction standards influence the development of markets and products. Wienerberger can rely on a dense network of plants in 27 countries.

Brick Production

Raw materials management

In a first step, experienced geologists analyze the quality of the raw material. The excavated clay is then layered in stockpiles, where it is stored for roughly one year in the open to ensure optimal consistency. After this time, the clay is collected and transported to the nearby plant by conveyor belts or trucks for further processing. Wienerberger is committed to restoring former clay mining sites. Clay pits that are no longer used are returned to serve as a habitat for flora and fauna or create a natural recreation area for local residents, or are restored for use by agriculture or forestry businesses.

Preparation

In the second step, the clay is collected from the stockpiles and transported in box feeders. It is then prepared through a grinding (pam mill) and milling process (roller mill). Water and sand – and for clay blocks, pore-forming agents like sawdust – are added and mixed to achieve the right consistency. The clay is next transported to a storage area (mud house) by conveyor belts, and from here fed through rotary disk feeders into the extruder.
Technical progress now makes it possible for us to use lower quality clay that was formerly discarded as residue. The use of biogenic, renewable materials such as sunflower seed shells or hay and secondary raw materials like paper fiber improves environmental compatibility and reduces costs.

Shaping

This step involves the actual shaping of the brick. The prepared clay is pressed through dies by extruders, and then cut into individual bricks or mechanically compressed into forms with automatic soft mud presses. The soft "green" bricks are stacked on palettes and transferred to the dryer. Clay roof tiles are extruded, or pressed into forms and made into moulded tiles. Our own die manufacturing allows us to develop die forms, which represent the basis for innovative products with new shapes and configurations as well as optimized product features.

Drying

The drying process removes the moisture from the soft "green" bricks, and prepares the bricks for firing. Depending on the type of the product and the production technology, the drying period takes between 4 and 45 hours. During this process the moisture content drops from 20% to less than 2%. After drying the bricks are automatically repackaged into a firing setting and transferred to the kiln by kiln cars.
New and more efficient drying and air stream technologies have significantly reduced the drying period. This lowers energy consumption, improves product quality and makes it possible to develop new products.

Packaging

The fired bricks are automatically loaded onto pallets, and covered with strips and films. This packaging identifies the bricks and makes them safe for shipping.
The use of thinner films made of recycled PE and an increase in the life cycle of pallets reduces the amount of packaging material required.

Delivery

Wienerberger has a network of decentralized production facilities. The plants are located close to raw material supplies and as close as possible to local markets. This reduces transport distances, which makes fast delivery possible and also lowers the environmental impact.

Firing

The firing of the brick in the tunnel kiln at a temperature of 900 to 1,100°C is the final part of the production process, and lasts between 6 and 36 hours. This process gives the bricks a permanent strength. The pulp and sawdust (pore-forming agents) that were added to clay blocks during preparation burn out completely and leave tiny holes that improve thermal insulation. Facing bricks and clay roof tiles can also be produced with a ceramic surface (engobe or glazed), which is burned in and creates a particularly attractive surface. After firing, bricks are nonflammable and fire-safe for ever.
Specially developed kiln and firing technologies as well as air stream systems have reduced the required firing time by up to two-thirds. This has created enormous advantages: a 50% decrease in the use of primary energy over the past ten years, up to 90% less emissions through thermal post-combustion equipment, optimized product quality and a substantial increase in capacity.

Research and Development

R&D is one of the key points in strategic planning

Research and development (R&D) form an integral part of strategic planning at Wienerberger and represent key activities for the Group. In these areas we work to optimize production processes and to continuously improve and develop our products. Our goal is to protect and further expand our market positions through ***cost and technology leadership*** and ***product innovation***. R&D projects are designed to improve the technical properties of our bricks with respect to thermal insulation, stability and acoustic protection as well as to develop system solutions for roofs and walls and increase the energy efficiency of our production. R&D is managed centrally, but – through the close cooperation of corporate engineering with our plant managers and local technicians – implemented locally. In this way, successful developments can be rolled out quickly and efficiently throughout the Group.

Optimization of production processes

Successful pilot project to optimize drying process reduces energy requirements

Wienerberger works continuously to optimize its production processes. Research is directed, above all, to reducing energy requirements and conserving resources. A relevant part of the energy used in production is needed to dry the bricks, and the optimization of this process is therefore particularly important. Wienerberger decreased the energy required for firing by developing a special airflow process several years ago, and achieved a further reduction in energy demand during 2010. A new form of low-temperature drying was successfully tested as part of a pilot project. This technique, which was developed by Wienerberger engineers, uses ambient air to dry the bricks, and led to a further reduction in energy usage. In a next step further tests will be carried out at other plants.

Successful test trials on closing the product lifecycle based on the “cradle to cradle” principle

Another milestone for sustainable brick production was set in a plant in Belgium. Wienerberger carried out a pilot project to close the product lifecycle according to the “cradle to cradle” principle. The underlying objective is to completely close the recycling process for products. Wienerberger realizes this concept by using old bricks to produce new bricks. Waste thereby becomes raw materials, which significantly reduces the amount of fresh raw materials required for production and results in the complete recycling of old bricks. This successful project will be tested in other plants in the Wienerberger Group over the coming years.

Product developments and innovations

Steady improvement in the thermal insulation properties of bricks

With its 5,000 year history, the brick is not only one of the most successful building materials from a historical point of view. It still remains one of the most important materials for construction throughout the world in the 21st Century. As a natural product made of natural raw materials with a long service life, the brick is an optimal material for sustainable construction. Research and development will concentrate even more on this feature in the future, in accordance with Wienerberger’s strategic commitment to sustainability. The continuous improvement in the thermal insulating properties of bricks has been a focal point of Group research for many years.

New infill block includes high-quality mineral wool as insulation

Wienerberger infill blocks, which are already classified as insulating materials, are convincing with their thermal conductivity of 0.09 to 0.07 W/(m^2K). Poroton-P, a brick with a width of 50 cm whose voids are filled with perlite, a mineral granulate made of expanded volcanic rock, has already become the industry standard. The Poroton-MW, which is filled with mineral wool instead of perlite, was launched in Germany during 2010. The filling material in these bricks replaces the exterior insulation, and makes them an optimal product for the construction of low-energy houses without additional thermal insulation.

Porotherm Dryfix® allows for faster construction at lower cost

In addition to technical factors, speed and cost are important factors in the construction of a building. Porotherm Dryfix®, a special aerosol masonry glue, allows for easy, extremely fast and dry processing at temperatures down to -5°C. This high-quality, technologically mature product speeds up construction and thereby reduces costs, and represents an advantage over conventional mortar-based methods.

The light brick – low-weight, low-cost, efficient and ecological

Our latest innovation is the specially designed light brick, whose name stands for its most exceptional property. The low weight of this product results from the round pores in the brick mass (share of voids) as well as a special void pattern that also provides excellent thermal insulation. Its size (suitable for wall thicknesses of 20 to 30 cm) and shape create the basis for ergonomic handling. The surface can be ground completely smooth, which also allows for the use of glue, reduces the amount of mortar or glue required and thereby permits efficient and fast construction. However, the benefits of this product are not limited to its properties. The light brick requires less energy for production and, consequently, has a favorable CO_2 footprint. This brick can be used for all non-load-bearing walls (exterior and interior), and therefore represents a sustainable alternative for builders and the environment. The light-weight brick is currently available in Poland, Hungary, Romania and Bulgaria.

The energy planner, a free online tool for the efficient planning of residential construction

More and more people want their homes to also make a contribution to climate protection, and thereby search for sustainable, ecological and energy-efficient construction alternatives. Together with the Technical University of Vienna, Wienerberger developed the e^4 energy planner with a subsidy provided by “Bau.Energie.Umwelt Cluster Niederösterreich”. This online tool (available free of charge under www.energieberater.at) is an ideal device for analyzing and optimizing the energy efficiency and economy of a residential housing project. It allows developers to quickly select the most important parameters for housing construction online – including the type of the house, construction standard, building envelope, insulation, heating, ventilation and cooling equipment – and to compare various energy carriers. The total energy requirements as well as construction, operating and maintenance costs and the environmental compatibility of a house can be calculated easily and quickly.

Strategy and Business Model

Generation of strong cash flows, even in difficult economic times

The brick and clay roof tile business is capital intensive. It requires a high initial investment and generates strong cash flows, even in economically difficult times. Maintenance capex (including smaller replacement investments) in the core business averages roughly 60% of depreciation in normalized business years. The resulting free cash flows can be used to reduce net debt, pay dividends and invest in growth projects.

Restructuring reduces fixed costs by € 200 million

Wienerberger has been confronted with a difficult economic environment since 2008. The spread of the financial crisis to the real economy triggered a worldwide recession that had a negative effect, above all, on the construction industry. As a reaction to the sharp drop in demand, Wienerberger implemented a strict cost reduction program that included proactive capacity and working capital management, the reduction of fixed, administrative and selling expenses, and a cutback in investments. The goal was to adjust fixed costs as quickly as possible to reflect the deteriorating market climate and declining sales volumes. A total of 58 primarily smaller, older plants have been closed or mothballed since summer 2008. Extended plant standstills were also ordered in nearly all countries during 2009 to reduce inventories as part of the active working capital management. The measures implemented during 2008 and 2009 reduced fixed costs by € 200 million, including € 35 million alone in 2010. These savings contributed to the turnaround that was achieved by the end of the second quarter of 2010 in a still difficult market environment. A weather-related very weak first quarter left operating EBITDA approx. € 40 million behind the first three months of 2009. Starting in the second quarter we recorded a steady improvement up through year-end, despite lower average prices in Eastern Europe. A comparison of the second to fourth quarters of 2010 with the same period in 2009 shows that we were able to increase operating EBITDA by roughly 20% during these nine months. These results underscore the success of our action plan and confirm the expected cost savings.

Wienerberger has a strong industrial base after the economic crisis

After the completion of restructuring, Wienerberger has a strong industrial base with lean cost structures and an efficient plant network. Net debt was reduced to € 374.5 million in 2010. The issue of a new € 250 million bond in April 2010 was designed to further reduce medium-term refinancing requirements and to optimize the term structure of liabilities. Wienerberger now has a solid capital base with gearing of only 15%.

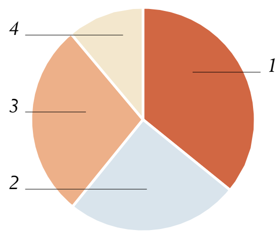
We are the largest multinational supplier in the brick business, and hold strong market positions with 216 plants in 27 countries as well as five export markets. Furthermore we operate 29 plants for the production of pipe systems (also see the overview on pages 86 and 87). Our strategy for the core business is designed to establish and extend leading positions in all markets in which we are present.

Clay blocks are our main product for walls, and represent the most popular building material in the world for new residential construction. Wienerberger is the largest producer of clay blocks in the world, and holds leading positions in all relevant markets in Eastern and Western Europe (with the exception of the Iberian Peninsula). Our expansion in Eastern Europe took place almost exclusively through the construction of new plants because of the outdated technology in these countries. As a result, our plants in these markets now have state-of-the-art technology and cost-efficient equipment. With a 36% share of revenues, our clay block business generated 37% of operating EBITDA in 2010.

Clay roof tiles are used primarily to cover pitched roofs in Europe. The major features of the clay roof tile industry are growing market shares and stable cash flows. More than half of these tiles are used in renovation, which leads to a lower dependency on cyclical new housing starts than clay blocks and facing bricks. This also explains the fact that clay roof tiles were by far the most profitable product group in 2010, with a 25% share of revenues and 44% of operating EBITDA. Our clay roof tile activities in Belgium, the Netherlands, France, Germany, Poland and Switzerland are supplemented by an investment in Tondach Gleinstätten, which produces clay roofing systems in Central-East Europe. The superior properties of clay roof tiles have led to a steady increase in their share of the renovation market in Western Europe, and we expect a similar development in Eastern Europe over the coming years. In January 2011 we therefore transferred our 50% stake in the concrete roof tile producer Bramac to our former joint venture partner Monier in exchange for an additional 25% stake in Tondach Gleinstätten and a cash settlement. After the approval of this transaction by the antitrust authorities, which is expected in the second quarter of 2011, we will hold a 50% investment in this clay tile producer. Tondach Gleinstätten has been expanding eastward since 1992 and now holds excellent positions with 20 plants in 11 countries across Central and Eastern Europe. The Tondach structures are similar to Wienerberger with innovative high-quality products, a modern industrial base and strong local management. The goal is to strengthen cooperation in the central operating areas in order to benefit together from the growth in Eastern Europe.

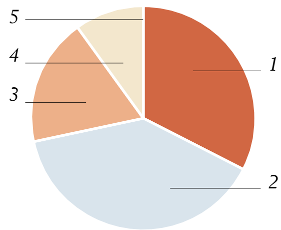
Facing bricks are used as a facade product in new residential and non-residential construction, above all in the USA, Great Britain, the Benelux countries and several other regions of North-West Europe. They are our second most important source of revenues with a share of 28%. The substantially lower profitability compared with other products is explained, above all, by the weak demand in the USA (and the resulting costs of lower capacity utilization in our plants) as well as the high share of merchandise in this product group. This latter factor is a result of the direct sales system in the USA. In contrast to Europe, where our products are sold primarily by building material traders, more than 60% of our revenues in the USA are recorded through our own sales offices and specialized brick merchants. These sales channels also generate additional revenues (at significant lower margins) with related products that are in part made by other producers, and currently represent about 40% of the revenues recorded by the facade product group.

Revenues 2010 by Product



1 Wall 36%
2 Roof 25%
3 Facade 28%
4 Pavers 11%

Operating EBITDA 2010 by Product



1 Wall 37%
2 Roof 44%
3 Facade 21%
4 Pavers 11%
5 Investments and Others -13%

The fourth core product area is formed by pavers. Concrete pavers are used for a wide range of applications in private and public construction in Central-East Europe, while clay pavers represent a high-quality niche product in North-West Europe. This product group generates 11% of Group revenues and operating EBITDA. Concrete pavers have a lower EBITDA margin than clay products, but the initial investment is much lower than the cost of a brick plant.

Good medium-term growth potential for pipe systems

Wienerberger previously concentrated on products for walls, roofs and paving, with a special focus on ceramic products in the form of bricks and clay roof tiles. Sales volumes of products for walls and facades, in particular, are driven largely by cyclical new residential construction. In order to reduce the dependency of business development on new residential construction over the medium-term, Wienerberger anchored the extension of the core business in its strategy and is working to strengthen the focus on renovation and infrastructure. Our activities in the area of pipe systems should be viewed in this context.

Stronger strategic focus on renovation and infrastructure with pipe systems

Pipelife, our 50% joint venture with Solvay, produces plastic pipes, while Steinzeug-Keramo, which was acquired in October 2010, produces pipes made of clay. The primary area of application for both product types – infrastructure, especially (waste) water supply – is characterized by a lower dependency on the cyclical fluctuations that influence residential construction. We see sound growth opportunities in the pipe systems business over the mid-term because of the substantial need for renovation in waste water systems throughout Western Europe and the planned construction of an extensive sewage network in Eastern Europe. Pipelife is consolidated at equity, and Steinzeug-Keramo will be initially consolidated as of December 31, 2010.

Concentration on profitable organic growth

We want to use our strong market positions in all product groups – above all through internal, but also selectively through external measures – to generate sustainable and profitable growth (CFROI > 11.5%) for our shareholders.

Growth through innovative, sustainable products

Market penetration and launch of high-quality products to strengthen positions

In 2010 we successfully used our strength and implemented a proactive pricing policy to expand our positions throughout Central-East Europe in a difficult market environment. We are also concentrating on the launch of innovative premium products and market penetration with our current product portfolio. These efforts are focused, in particular, on our plane ground block, which will be introduced throughout Eastern Europe, as well as stronger market penetration in Western Europe with our infill blocks – high thermal insulating blocks filled with perlite, a volcanic material, and now also filled with mineral wool. Following a successful launch in several Central-East European markets, our Dryfix® system will be rolled out in additional West European countries (Germany, Italy and Switzerland) during 2011. This special aerosol masonry adhesive is used instead of mortar to "glue" clay blocks together, and thereby speeds up construction. We are also addressing customer demands for system solutions in the roof segment with KoraTech®. In addition to clay roof tiles, we offer a full range of ceramic and non-ceramic accessories for roof construction from a single hand ("one-stop shop"). Our agenda also includes the intensification of sales activities, since we not only want to strengthen our customer ties with better service but also with our premium products.

Focus of research on further development of sustainable products

Wienerberger has defined sustainability as a key strategic goal because of its growing importance for the future. We view sustainability as an integral part of our business, and thereby also as an important factor for the economic success of the company. Against the backdrop of the climate discussion, the primary objective for sustainable construction is to reduce the total primary energy consumption and the quantity of materials used in buildings. Bricks have optimal properties for sustainable construction because of the natural raw materials from which they are made and their long service life. We intend to utilize and expand these benefits to realize further growth.

Growth through currently unused capacity

Currently unused capacities as future growth driver

Wienerberger has adjusted its plant network continuously in recent years to reflect the market requirements. This led to the shutdown of older, smaller plants during the restructuring in 2008 and 2009 as well as the expansion of capacity in the product segments and regions that promise sustainable earnings growth in the future. Since 2007 we have increased our clay block capacity in Central-East Europe, France, Germany and India (market entry in 2010) by 10% and also realized a 10% capacity increase in the roof segment (acquisition of Sandtoft in Great Britain at the beginning of 2008). Capacity expansion in the Central-East Europe concrete roof tile segment amounted to 50%. At the same time we implemented optimization measures that gradually reduced our facing brick capacity by 10%, despite the 2007 acquisition of Baggeridge in Great Britain. Wienerberger has significant organic growth potential in the form of capacity that is currently not in use, but can be reactivated as needed without major investments. We are therefore in a position to generate a sound increase in earnings when the markets recover, primarily due the fact that a major part of the fixed cost reductions is sustainable.

Growth through further market development and expansion

Use of opportunities for smaller, value-creating acquisitions

We want to use the challenging market environment to selectively expand our core business through smaller, value-creating acquisitions. We will only invest in projects that can generate a CFROI (cash flow return on investment) of more than 16% in the third year after investment, and thereby support our CFROI goal of over 11.5% for the Group. We plan to realize these projects in all markets to strengthen our positions. We are also working to improve our position in the renovation market, since this sector is more anti-cyclical than new residential construction.

Interview with Heimo Scheuch, CEO

You indicated that Wienerberger has left the crisis behind and is now shifting its focus to growth. Does that mean a return to the offensive expansion policy of the past?
No, not at all. When I speak about growth, I mean a clear focus on our internal growth potential. On the one hand, our still low utilization rate gives us roughly 30% of unused capacity from the operating plants, and in addition we have a number of mothballed plants that we can reactivate as needed. On the other hand, we have launched a number of innovative products in recent years – like our infill blocks and the Dryfix® system – and we now want to increase market penetration and launch these products in other countries to drive organic growth. We will also use cash flow to make smaller, value-creating acquisitions in our core business, and thereby strengthen our market positions in order to achieve our medium-term CFROI target of over 11.5%.

Where do you see Wienerberger's strategic focus in the future?
Over the coming years Wienerberger will develop from a pure supplier of building materials into a partner with concepts for energy-efficient, sustainable construction. Our vision is based on healthy, energy-efficient and sustainable buildings that are attractive and affordable. We have already taken the first steps in this direction with the development of our e^4 house concept. Together with partners in heating technology, thermal insulation and other fields, we offer our customers building concepts from a single hand that ensure perfect coordination between the high thermal insulating building concept and the newest modern heating systems. We don't act as a housing developer, but supply easy to realize, individualized solutions and matching product recommendations. With the Viessmann Group, a leading international heating equipment producer, we recently won another partner for our high-quality e^4 house concept.

You mentioned the e^4 house concept developed by Wienerberger.
Can it really reduce the heating requirements of buildings to the required levels?
Here I want to draw your attention to a very important point. The energy efficiency of a building can't be evaluated on the heating requirements alone. If you want to build sustainably, you need to look at the total amount of energy required – the so-called total primary energy consumption, which also includes the energy required for hot water, cooling, etc. You need to take these costs into account over the entire life span of the building. Our e^4 house concept meets all applicable requirements, including the strict "near-zero energy" standards defined in the EU energy performance of buildings directive that will take effect in 2020.

Products

Wall – clay blocks

Wienerberger clay block brand: POROTHERM (POROTON in Germany)

Clay blocks are used for load-bearing exterior and interior walls as well as for non-load-bearing partition walls or fillwork. A wall made of clay blocks is normally not seen after completion because it is covered with plaster or paneling. In any case, the technical advantages and features of these monolithic walls are compelling: high compressive strength, excellent thermal insulation and heat accumulation, sound insulation, high fire resistance (nonflammable) and moisture regulation. In short, walls made of clay blocks create an unmistakably pleasant and comfortable atmosphere.

Wienerberger bricks guarantee a pleasant room climate from the basement to the roof

Wienerberger clay blocks are sold under the POROTHERM brand (POROTON in Germany), and are optimized to meet a wide range of special applications and requirements. Examples are extreme thermal insulating clay blocks for exterior walls, special heavy clay blocks for improved sound insulation and seismic-resistant bricks for safe construction in earthquake zones. POROTHERM brick ceilings (slab system) and brick walls help to create a pleasant atmosphere because – similar to brick walls – brick ceilings also absorb moisture in a humid room and release it when the air becomes dry. Combined with the high thermal storage capacity of bricks, this guarantees a balanced and healthy indoor climate. The Wienerberger clay block system includes lintels and ceilings as well as mortar and plaster, which make it possible to build an entire house with bricks – from the basement to the roof.

Faster working with the Porotherm Dryfix® system

In addition to the technical properties, speed and cost are two of the most important factors in the construction of a building. Porotherm Dryfix®, a special aerosol masonry glue, is easy-to-use, fast and dry, and makes masonry work possible at temperatures down to -5°C. This high-quality, high-tech product has a major advantage over conventional mortar-based methods because it speeds up construction and thereby reduces costs.

PWS – individual prefabricated construction with bricks

The Porotherm Wall System (PWS), an individualized prefabricated brick element system sold by Wienerberger in Belgium, combines the advantages of prefabricated construction with the significant product benefits of bricks. It allows for prefabricated and, at the same time, individualized, customer-designed construction based on the proven plane brick system. This prefabricated brick system, which is assembled in production halls, substantially reduces construction time and thereby makes building more cost-efficient.

Roof

Wienerberger brand for clay roof tiles: KORAMIC

Clay roof tiles are used primarily to cover pitched roofs. They not only protect houses from the weather for many years, but also represent an important design element for architects. Clay roof tiles are used in new construction and, to a large extent, in the renovation of existing buildings.

Wienerberger clay roof tiles are sold in Western Europe under the KORAMIC brand. In Eastern Europe we market clay roof tiles through Tondach Gleinstätten, our future 50% investment. These products are available in a wide variety of forms (pressed or plain tiles), colors and surfaces (natural, glazed, sanded or engobed). These product features create a unique and attractive look for a roof made of clay tiles. The product line also includes large-sized tiles, which reduce laying costs because of the lower number of tiles required per square meter of installed roof area. A complete line of special tiles and ceramic accessories is marketed for each model (type of tile). With the introduction of KoraTech® in Western Europe, Wienerberger expanded its product line to include non-ceramic accessories for roofs. This line covers all technical accessory products that complement roof tiles and are needed to complete the construction of a roof.

Wienerberger as a system provider in the roof segment with the KoraTech® line

The pitched roof of a house is exposed to a variety of different weather conditions. Only high-quality, perfectly matched roofing components provide lasting protection and preserve the building substance for many years. The KoraTech® line covers a broad range of accessories that is coordinated to complement the function, shape and color of Koramic roof tiles. It also includes the *sturm***FIX** hook, a Wienerberger innovation that is attached to a specially designed roof tile. This fixation system is easy to use and prevents roof tiles from breaking loose, even in a heavy storm. The KoraTech® product line was extended in 2009 to include a complete range of high-quality underlays, ridge and hip rolls, eave and valley accessories. Wall and chimney connections, roof inspection and snow retention systems and other top products complement the Koratech® line. These products allow Wienerberger to provide its customers with complete solutions for roofing.

Facade – facing bricks

Wienerberger brand: TERCA

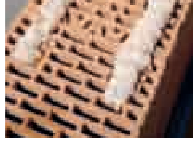
Facing bricks are used in visible brick architecture: facades and interior walls are made from or covered with these bricks. The necessary functions of the load-bearing walls are provided by clay blocks or other building materials such as concrete or calcium silicate blocks. A wall made of facing bricks is an esthetic calling card for a home, and also provides optimal protection from the weather – there is no maintenance or expensive renovation in later years. Wienerberger facing bricks are sold under the TERCA brand. They open up a wide range of design alternatives through the combination of colors, shapes and surface structures – a feature that is rarely found in other building materials. Facing bricks can be combined together in storey-high prefabricated elements for fast construction. Especially in the non-residential sector, brick architecture can therefore play an important role in modern, economic building.

An innovative gluing technique for TERCA facing bricks makes it possible to set unique esthetic accents in the design of facades. The bricks are connected not by mortar, but by a thin layer of adhesive. This opens a broad range of new perspectives for facades – from both a construction and creative point of view. In particular, architects have praised the new imaginative options for facade design.

Products

Roof

Pitched roofs are traditionally covered with clay roof tiles or concrete roof tiles. The Wienerberger roof tile product line offers more than 100 models of our KORAMIC and Tondach Gleinstätten (50% stake) clay roof tiles in a broad range of colors.

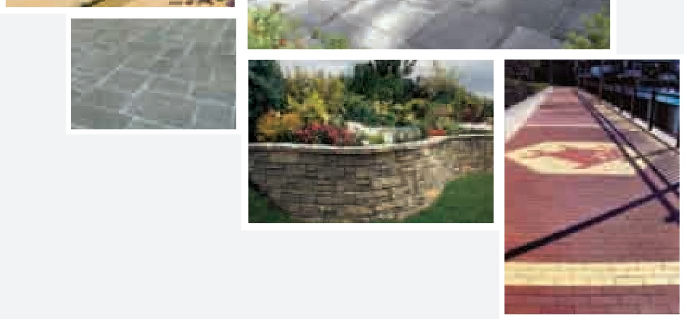


Wall – clay blocks

The wide range of sizes, void patterns and ceramic properties of our high-tech clay blocks are determined by their function: Wienerberger high thermal insulating clay blocks for exterior walls, heavy clay blocks for improved sound insulation, seismic-resistant clay blocks, clay blocks for infill masonry, clay blocks with infill etc. have different properties to produce optimal results in statics, building physics and thermal insulation.

Facade – facing bricks

We have expanded our continuously growing line of facing bricks – which are available in over 1,000 models in a wide range of shapes and colors – to also include facade systems, which are mounted with vertical steel profiles on buildings, and are therefore particularly well-suited for high-rise construction and modern architecture.



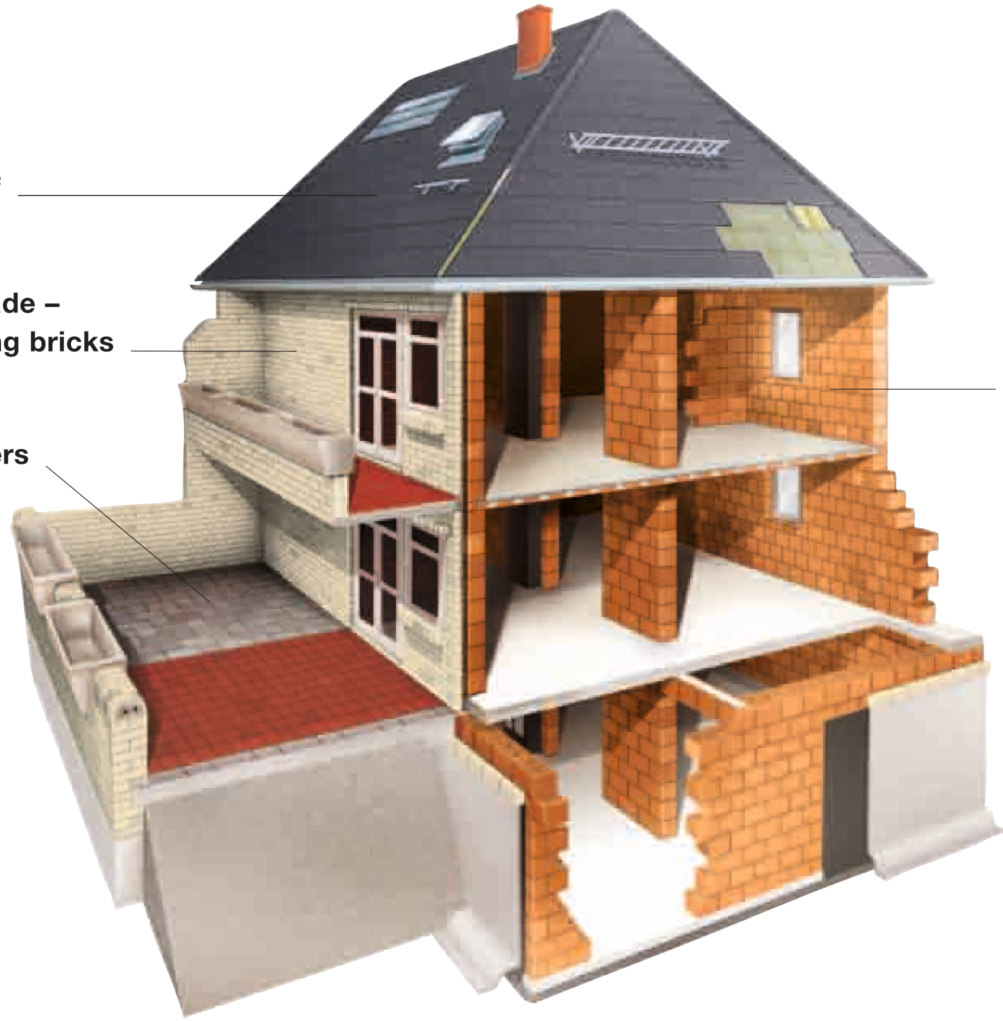
Pavers

Clay pavers and concrete pavers are characterized by a high resistance and lasting esthetics, and play an important role in the design of gardens, landscaping and other urban areas. New colors and unusual shapes make it possible to set specially designed optical accents.

Pipe systems

Pipelife – The product portfolio of plastic pipe systems includes solutions for modern building technology as well as drinking water and energy supply. It stands for high-quality products that meet the demands of both private and industrial applications.

Steinzeug – The ceramic product line includes clay pipes and molded components for waste water lines as well as accessories and shaft systems. These high-quality products are used for sewerage systems in infrastructure projects and are characterized by particularly high resistance, strength and a long service life.



Corium is a ceramic facade system that can be used in both new construction and renovation. These brick tiles are clipped in vertical steel profiles, which are mounted on a load-bearing wall, and subsequently pointed. That makes Corium ideal for construction projects where traditional masonry cannot be used for technical reasons, e.g. in high-rise buildings, the addition of stories to existing structures and renovation. Fast-track installation significantly reduces construction time and thereby lowers costs.

In addition to the world's largest line of facing bricks, Wienerberger also markets ArGeTon® ceramic facade boards. ArGeTon® is the Wienerberger brand for large rear-ventilated ceramic facade boards, which permit the ideal combination of traditional clay building materials with contemporary building products such as glass, aluminum or steel. The result is a timeless modern facade with the distinctive character of ceramics. The continuous optimization and development of product properties, sizes and colors allows ArGeTon® to meet the latest market demands and ensures flexible reaction to individual customer wishes. For example, ArGeTon® is the first producer of ceramic facade boards to pass DIN 18032-3 safety test for ball impact. That makes the ArGeTon® facade particularly well suited for buildings, such as schools, that are exposed to increased mechanical stress.

Pavers

Wienerberger brands: TERCA (clay) and SEMMELROCK (concrete)

Pavers by Wienerberger are produced as clinkers made of clay (TERCA) or as concrete tiles and slabs (SEMMELROCK). These materials are used by homeowners (for driveways, paths, terraces and garden design) as well as in public areas (sidewalks, open areas and pedestrian zones). The large range of shapes, colors and surface structures offered by TERCA clay pavers and SEMMELROCK concrete pavers place virtually no limits on the esthetic fantasy and durability of paver designs.

TERCA clay pavers create a special, unmistakable flair in gardens, terraces and open areas. These clinkers are able to resist the most extreme environmental pollution for decades. They have been fired at such high temperatures that they absorb virtually no water, which makes the pavers weather- and frost-proof. Neither environmental factors nor mechanical stress can cause any damage. The lasting natural beauty of these pavers is created solely from the firing of the raw clay. The colors are "natural" and, for this reason, cannot fade or be bleached by the sun.

SEMMELROCK concrete pavers also permit the spatial structuring and design of garden landscapes, for example with products for slopes, planters and fencing systems. With Semmelrock Protect and Semmelrock Premium Protect, a special surface shield was developed for heavily trafficked areas. The concrete surface is sealed during production and hardened under UV-light. These pavers substantially reduce cleaning costs for customers, since stubborn soiling (e.g. chewing gum) is easily removed. Major fast food chains have discovered this benefit and outfitted their restaurants and outdoor dining areas with these special concrete pavers.

Pipe Systems

Pipelife and Steinzeug

Pipe systems marketed by Wienerberger comprise ceramic products (Steinzeug Group) that are made of loam, water and grog as well as plastic products (Pipelife).

The Steinzeug Group produces ceramic pipes for use in open and closed sewerage systems, for relining (placement of new pipes directly over the old pipelines), drainage and renovation. These pipes meet a wide variety of requirements – above all for sewage applications – because they are extremely resistant and cannot be damaged by high-pressure cleaning or corroded by aggressive household or industry waste water, even over the long-term.

Pipelife manufactures and markets a wide variety of quality plastic pipe systems. These products provide ideal solutions for households (drinking water and waste water), building technology, gas and electricity supply, electrical cables, and the irrigation and drainage of green areas.

Procurement

Business activities in 27 countries and the decentralized structure of the Wienerberger Group create a wide range of challenges for our strategic procurement department. Our goal in this area is to identify synergies in close cooperation with the local Wienerberger units, and to realize these synergies through coordinated actions on procurement markets. We also work to improve the efficiency and enlarge the scope of our procurement services on a continuous basis.

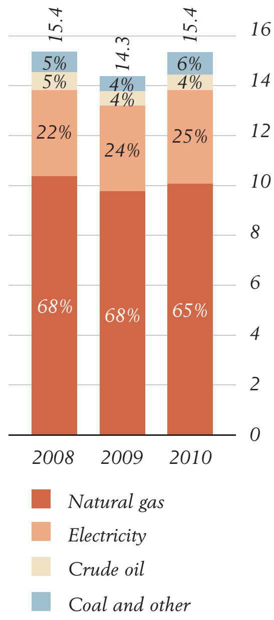
Strategic procurement department helps realize synergies in the Group

Our most important raw material is clay and we are aiming for an average supply of 15 to 20 years per production site. Roughly two-thirds of required clay reserves are owned by the Group, and the rest are safeguarded through long-term mining contracts.

Clay supplies secured over the long-term

A major challenge for procurement is the development of energy prices. As a reaction to the growing importance of this issue, Wienerberger centralized the strategic procurement of this resource. Decisions to set volumes and prices are made centrally in close coordination with the country organizations and Wienerberger risk management. This process allows for the more efficient implementation of a common energy strategy throughout the Group and also strengthens synergies. The energy markets are subject to varying dynamics due to different regional hedging mechanisms and price formulas. In countries where these markets are not regulated, we therefore apply the following hedging strategy: 75% of energy costs are hedged for the next six months, 50% for the next 12 months and 25% for the next 24 months. This hedging is based on a rolling planning process, and prices for part of the required energy volumes are established for up to three years in advance depending on market trends. The goals of this process are to improve cost planning and limit price fluctuations.

Energy costs
as a % of revenues



The average market prices for gas in 2010 were slightly lower than the comparable prior year values. However the Group's energy costs rose by 4% or € 9.2 million to € 268.5 million for the reporting year due to the higher level of production. Energy costs as a percentage of revenues therefore increased from 14.3% in 2009 to 15.4% in 2010. Group expenses for energy can be classified into 65% for natural gas, 25% for electricity, 4% for crude oil and 6% for coal and other sources.

Contracts with set prices had been concluded by December 31, 2010 to secure 53% of our natural gas requirements for the next 12 months. In addition, 57% of our forecasted electricity demand in 2011 was secured at slightly higher conditions. Calculations made at the beginning of February 2011 lead us to expect an increase of approx. € 15 million in energy costs for the full year due to rising energy prices for the non-hedged volumes.

Price-related increase in energy costs for the non-hedged volumes of approx. € 15 million expected for 2011

In addition to the optimization of strategic energy procurement, our efforts focus on the realization of procurement synergies between different areas of the Group. We are also working to optimize transportation costs. In 2010 we established an internal freight controlling whose first step will be to coordinate transport routes. This will make costs more transparent and allow us to establish benchmarks for the transportation network. Our goals are to make transportation management more efficient and to reduce costs through improved planning.

Internal freight controlling for efficient transport management

Corporate Responsibility

Our goal is to create sustainable values with natural products

Wienerberger views business as an integral part of society. Its duty is to serve people and create value for all. Wienerberger takes its role as a responsible member of society seriously. We define responsibility as ethical actions, honest communications, active participation in the transparent development of our economic environment, personal accountability and actions that confirm our standing as a reliable and valuable member of society.

With the signing of a social charter in 2001, the management of Wienerberger formally confirmed its intention to comply with the recommendations of the International Labor Organization (ILO) in Geneva and to support the principles of social progress. As a logical consequence of this action, Wienerberger also joined the UN Global Compact in 2003. This initiative was started in 1999 by the United Nations to promote good corporate citizenship and now comprises ten major principles from the areas of human rights, labor standards, environmental protection and measures to combat corruption. Companies that join the program agree to voluntarily comply with the principles that are published on the website of the UN Global Compact under www.unglobalcompact.org.

Compliance with all applicable national and international laws

A commitment to compliance with all applicable national and international legal regulations is also an important part of our active corporate responsibility. Legal compliance at all organizational levels creates the basis for good management. Wienerberger places special focus on the prevention of corrupt and anti-competitive behavior.

Active involvement in political decision-making process

As a member of numerous national and European associations, platforms and technical committees, Wienerberger participates in European research projects, European Commission surveys and product standard groups, and is thereby actively involved in the political decision-making process. Wienerberger is an established, reliable stakeholder and building materials expert that views ***open and transparent communications with politics and public authorities*** as part of its corporate social responsibility. The company works to create a sustainable economic environment that unifies economic, ecological and social interests.

Commitment to sustainability

The Wienerberger sustainability report transforms this commitment into an obligation. It is based on the standards defined by the Global Reporting Initiative and represents an integral part of a continuous process. All levels of management and our employees have taken on a shared responsibility for the implementation of measures that will support a continuous improvement in sustainability at Wienerberger.

Active Protection of the Environment

All local companies are working to improve environmental protection

"Building value for a sustainable future" is one of our guiding principles, and our many activities demonstrate that these are not just empty words. As a producer of bricks, Wienerberger "uses" nature in a kind of symbiosis: our clay mining procedures are designed to minimize the impact on the environment, and our clay-based products are ecologically friendly, natural products that have a long service life and can be easily be recycled. All companies in the Wienerberger Group work continuously to improve environmental protection measures and optimize the use of energy.

Specially designed activities and cooperation with NGOs

Wienerberger is committed to compliance with environmental protection laws, climate protection, energy savings, the restoration of clay mining sites, recycling of waste, exchange of experience with other companies, humanitarian assistance, support for local communities, the preservation of our cultural heritage and transparency. At our plants we work to develop and maintain the best possible understanding with municipal authorities, representatives of interest groups and neighboring residents. The focus of our activities is placed on mutual understanding and learning from one another, whereby we also place high value on an open dialogue with NGOs. A special cooperation has linked us with the World Wide Fund for Nature (WWF) for many years, and in 2003 we signed an agreement to pursue joint projects. Within this framework Wienerberger supports the international activities of the WWF in Austria. In exchange the WWF advises Wienerberger on the realization of environmental protection projects that are related to the restoration of former clay mining sites.

Social Responsibility

Support for social institutions on a local basis

"Wienerberger makes bricks, but homes are built for people." This central principle of active corporate social responsibility includes ***support for social institutions on a local basis.*** We do not demonstrate our social responsibility by making donations to various international organizations, but provide direct, efficient and unbureaucratic help where it is needed the most and realize projects that make a reasonable, sustainable contribution to social responsibility. Our goal is to accept responsibility for society and to use our products and financial assistance as means of helping people who have been affected by unforeseen circumstances or misfortune. We regularly support and promote social projects in nearly all countries where Wienerberger is present.

Selected projects are presented on the next page

We regularly support and promote social projects in nearly all countries in which Wienerberger is present. The following page presents a selection of the sustainability projects that we carried out in 2010.

Corporate Responsibility Projects 2010

1 Public facilities in Mali

Austria | Mali For the architect Emilio Caravatti, his profession has always meant more than just simple design. His particular interest is the development of integrated construction methods that merge tradition, local requirements and the use of available resources. In 2005 this led him to the Republic of Mali, one of the poorest nations in the world, where he launched a project – with the help of "Africabougou Onlus Italy" – to build two schools, a clinic and housing for the teachers. All these buildings were built with adobe bricks, an almost forgotten means of construction. Caravatti realized the projects together with local residents, who were trained especially for this work. The hands-on experience will allow these people to use their new skills outside the region and to also pass this technique on to future generations. Wienerberger recognized this commitment with a special prize at the Brick Award 2010 – in appreciation of the fact that this type of architecture and its realization are a perfect example of active sustainability.

2 Water usage cut by over 60%

Great Britain Our plants use fresh, clean water to rinse the brick dies because only the slightest grain of leftover sand would block up the small holes in the sprinkler nozzles. Last year an innovative solution for the recycling of this water was developed by a facing brick plant in Great Britain. It allowed Wienerberger to save 25,000 cubic meters of fresh water each year at the respective plant. A further step will involve the testing of recycled rainwater.

3 Recycling of old bricks as an alternative to fresh clay

Belgium One of the Belgian plants has started work on a pilot project for sustainable brick production. Wienerberger is attempting to close the product life cycle based on the "cradle to cradle" principle. The basic idea is a complete, closed recycling process for products. At Wienerberger this objective is met by using old bricks to produce new bricks. Waste thereby becomes raw materials and significantly reduces the quantity of fresh clay required for production – it also ensures the complete recycling of old bricks. In the coming years this successful project will be tested at additional plants in the Group.

4 Sustainable development of flood plains

Netherlands Over the past 10 years, high water levels in many regions along the Rhine, both in Germany and the Netherlands, have repeatedly led to the evacuation of local residents and the emergency construction of dams and dikes. The Wienerberger plant in Bemmel is located in the Bemmelse Waard, one of the nature conservation areas threatened by high water. Wienerberger was able to widen the riverbed in this natural area by extracting clay in certain sections, and substantially reduce the danger of flooding in the region. In addition, the newly created ecosystem allows for the sustainable and multifunctional use of the area for reservoirs, agriculture, nature development and recreation.

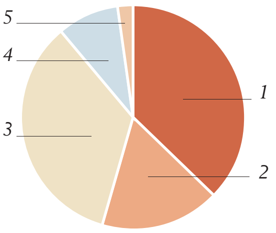
5 Health and housing initiatives near the Kunigal plant

India The social structure and bonds within society represent central values for the Indian culture. Wienerberger places high value on successful integration in the cultures of its various markets as well as respect for the needs of employees and interest groups. Discussions with residents of the Kunigal region showed a significant deficit in healthcare. With the construction of a clinic, officially known as the Center for Community Health, and an ophthalmology center, Wienerberger and the relief organization Karuna Trust were able to help local residents quickly and unbureaucratically. This project did not end with the completion of the buildings. Wienerberger will also carry the costs for the required medical personnel in the future to ensure continuing health-care in the region. In addition, Wienerberger supplied local NGOs with bricks for the construction of new housing in the area. These initiatives helped to create a strong foundation of trust with the residents in the villages and settlements near the plant, a basis that will allow all of us to enjoy a constructive and positive shared future.


SAVING WATER IN THE UK 2
RECYCLING OF BRICKS 3
PUBLIC FACILITIES IN MALI 1
FLOOD CONTROL IN BEMMEL 4
HEALTH CARE CENTERS IN KUNIGAL 5

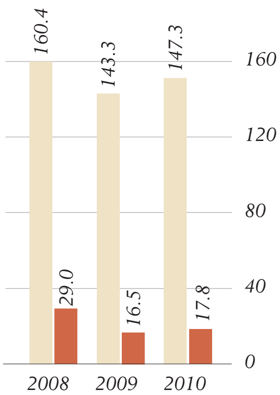
Employees

Employees by Segment



1 Central-East Europe 38%
2 Central-West Europe 17%
3 North-West Europe 34%
4 North America 9%
5 Investments and Other 2%

Development of Productivity
in TEUR



Ambassador Program: training and international exchange of experience by managers

Wienerberger had an average of 11,848 employees in 2010, compared with 12,676 in the previous year. The decline of roughly 7% resulted above all from plant shutdowns in the second half of 2009 that were required to deal with the economic crisis. However, the total impact of the personnel reduction was only fully reflected at the beginning of 2010. The Group's performance indicators show an improvement in productivity and underscore the turnaround that was realized since the second quarter: revenues per employee rose by 3% to approx. € 147,300 in 2010 and operating EBITDA per employee increased 8% to € 17,800.

Human Resources at Wienerberger

Professional personnel development and the advancement of human capital represent key factors for the success of our company. In keeping with our decentralized structure, strategic personnel issues that affect the entire Group are managed centrally by Corporate Human Resources, while local personnel issues and related decisions are the responsibility of the country organizations. Our actions are concentrated on the development of groupwide networks and the international transfer of know-how, the support of future managers and the preparation of talented men and women for management positions.

Wienerberger is well aware of its responsibility to its employees, and takes this responsibility very seriously. In particular, workplace safety is an important focal point of our activities. This was reflected in the launch of the "Health & Safety" program in all Wienerberger plants during 2010. Uniform safety standards were developed for all countries, and the related best practice exchange between the various countries is expected to further improve workplace safety.

Wienerberger is committed to the principles of sustainability, multi-cultural diversity and entrepreneurial spirit. Our personnel policies are also based on this conviction. We place high value on extensive communication and transparency at all levels of the corporation. Employee training and identification with our shared values represent a key objective of the Wienerberger Group, and were supported by various activities in 2010.

Wienerberger Training Academy

The Ambassador Program was launched by Wienerberger in 2004 to develop the managers of the future. It provides talented men and women with training in the form of modular seminars that cover specialized know-how, social skills and system capabilities. The graduates then return to serve as ambassadors in our subsidiaries, and share their newly acquired know-how and the Wienerberger spirit throughout the Group. The outstanding results achieved in previous years will be followed by a new cycle in 2011, which will include a greater concentration on strategic issues.

Engineering Academy: training and international exchange of know-how by engineering personnel

The Wienerberger Engineering Academy was established as a permanent facility to provide instruction in various technical disciplines, and thereby support the internal development of specialists to safeguard the long-term success of our company. This program focuses above all on ceramic products and production technologies, whereby the know-how compiled by our international experts in the areas of raw material testing, preparation, drying and firing technology and quality analysis is passed on to our technical personnel. The courses offered by the new Wienerberger Engineering Academy Advanced will cover additional subjects such as energy and cost efficiency. The goal of our Engineering Academies is to protect and increase our competitive advantage in engineering over the long-term. As a supplement to these programs, the Wienerberger plant manager program was also continued in 2010. A total of 33 participants from 16 countries are currently taking part in this course, which is led by specially trained Wienerberger staff members. Engineering, economics and management tasks are covered in three modules at different locations throughout the Group, and create an additional platform for the international transfer of know-how and global networking.

Sales Academy: training offensive for marketing and sales

One of our most important corporate goals is to intensify our marketing and sales activities, and thereby strengthen our customer ties. In order to provide our employees with the best possible support, the Sales Academy training offensive for managers, sales staff and product managers was launched in 2010. This program is intended to strengthen and improve selling activities in the various countries through the creation of a know-how network and the active exchange of ideas.

Talent management to identify and develop senior managers

Wienerberger is currently working to define structures and processes for talent management in the Group. The goals are to identify and develop qualified men and women for positions in key management functions. In this way motivated employees with suitable potential receive an opportunity for further development, while Wienerberger is able to fill key positions internally and also maintain its high management standards.

Instruments for sustainable corporate development

New remuneration model for top management (LTI program) to support the sustainable development of the company

Management compensation at Wienerberger includes both a fixed and a variable component to increase motivation and strengthen identification with corporate goals. In order to support the sustainable development of the company and to synchronize the actions of management with the objectives of our shareholders, a long-term incentive (LTI) program was introduced in 2010. This program represents an alternative to the stock option plan, and provides mid- and long-term incentives for management. In the future the members of the Managing Board and management will be measured on the basis of CFROI, an indicator that shows both the performance and the increase in the value of the company. This instrument meets international corporate governance standards for the remuneration of top management and sets a benchmark for sustainable, long-term oriented remuneration programs in Austria.

The Wienerberger History

1819 Founding by Alois Miesbach on the Wienerberg in Vienna

1869 Start of public trading on the Vienna Stock Exchange

1918 Loss of plants in Croatia, Hungary and Czechoslovakia in the wake of World War I

1945 Hundreds of dead and destruction of plants on the Wienerberg in aerial attacks

1955 Record production for the reconstruction of Vienna after World War II

1972 Investment in Bramac concrete roof tile company in Austria

1980 Beginning of reorganization and turnaround by new management under Erhard Schaschl

1986 Start of **internationalization** and expansion through acquisition of the Oltmanns Group in Germany

1989 Founding of the **Pipelife** joint venture (plastic pipes), investment in Treibacher Chemische Werke (metallurgy and abrasives) and the ÖAG Group (sanitary ware wholesaler), expansion of clay pipe activities

1990 Start of **expansion in Eastern Europe** through market entry in Hungary

1994 Sale of the ÖAG Group

1995 Acquisition of the Sturm Group in France

1996 Acquisition of **Terca,** the leading facing brick producer in Benelux, majority investment in Semmelrock (pavers) in Austria

1997 Introduction of Wienerberger Value Management and **focus on core business,** sale of the Business Park Vienna real estate project and Treibacher Abrasives

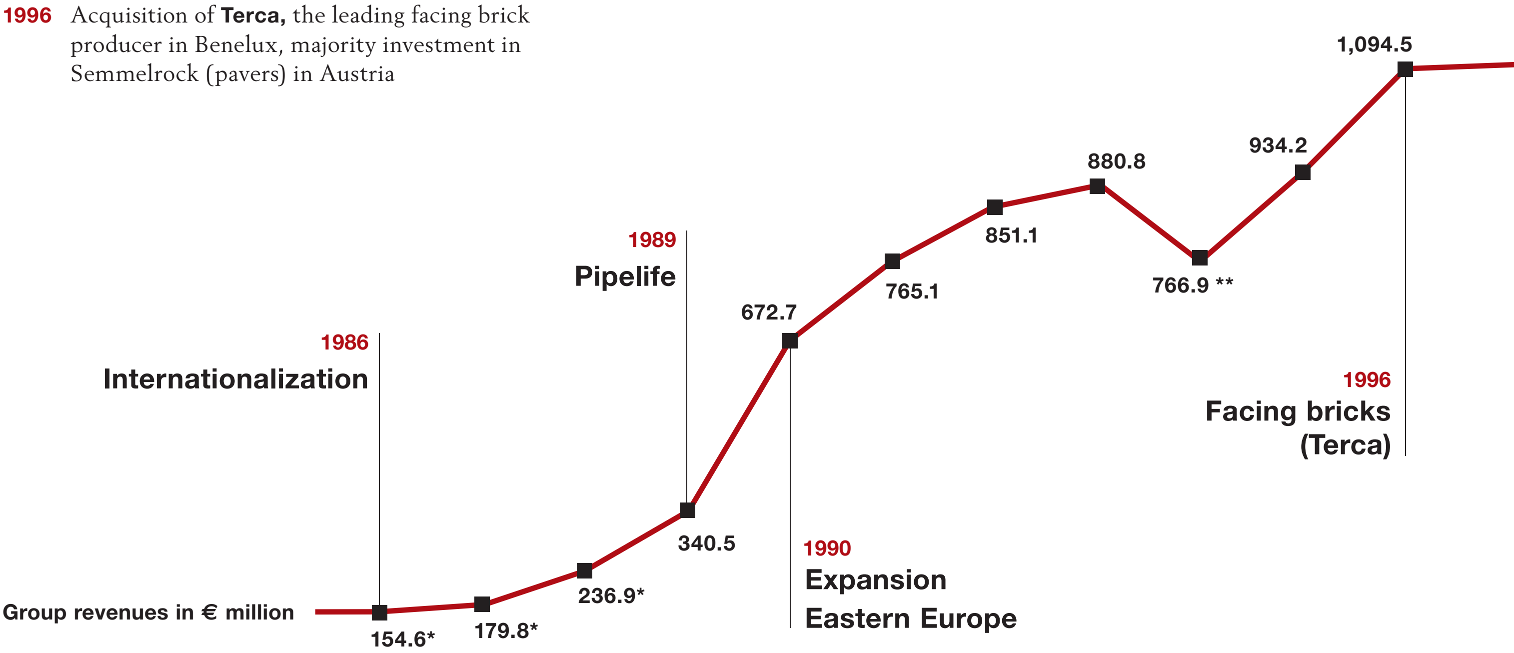
1999 Advance to Global Player through the acquisition of General Shale in the **USA,** purchase of ZZ Wancor in Switzerland, and acquisition of Mabo in Scandinavia by Pipelife

2000 Transformation to **pure player** in building materials through sale of Treibacher Industries and Wipark garage business, acquisition of Cherokee Sanford in the US

2001 New Managing Board under Wolfgang Reithofer, acquisition of Optiroc brick division in Northern Europe, implementation of a groupwide restructuring program with focus on Germany

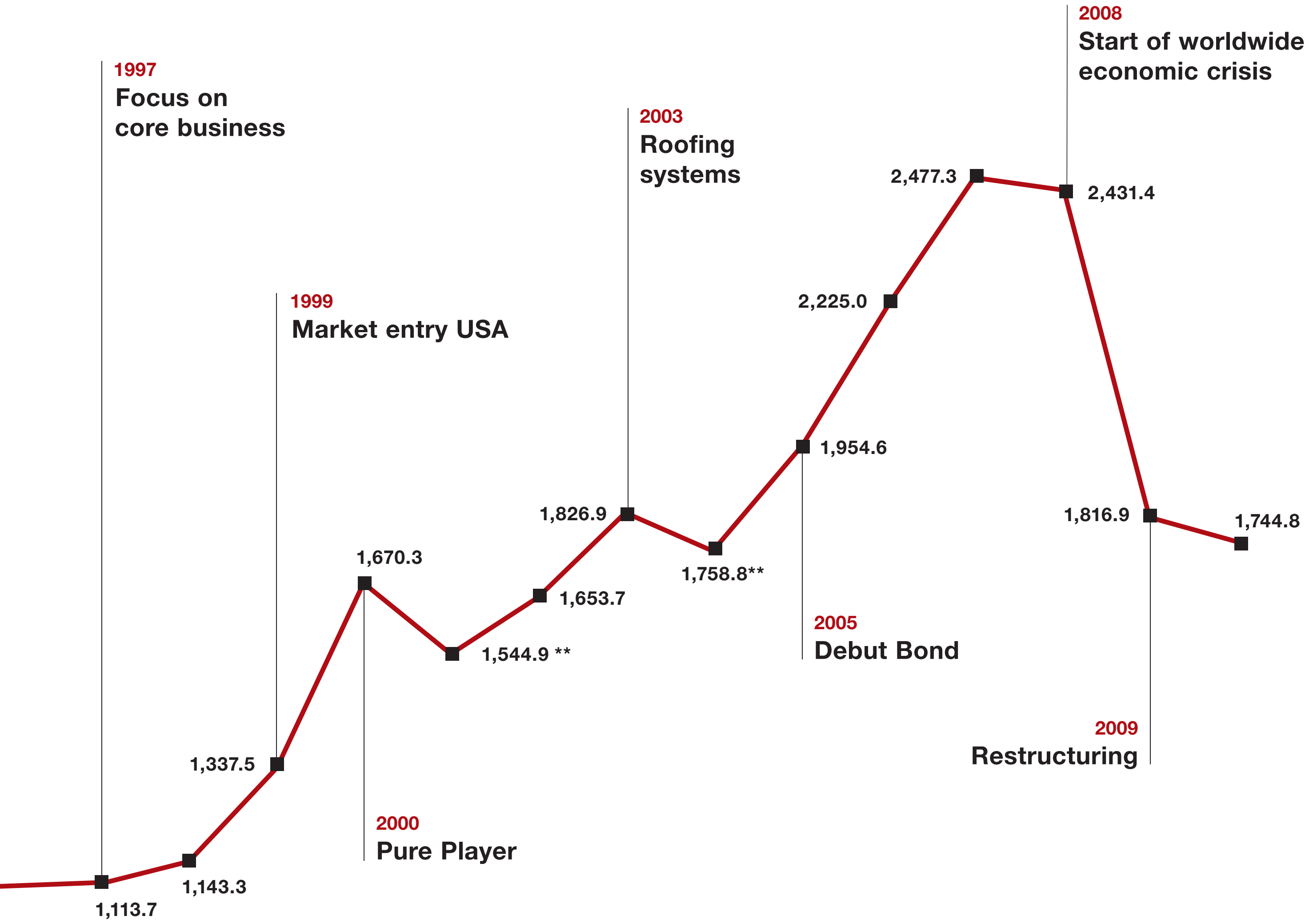
2002 Acquisition of Hanson PLC brick activities in Continental Europe

2003 Development of a second core business **roofing systems** through acquisition of a 50% stake in Koramic Roofing and advance to Number 2 in clay roof tiles in Europe



** 1986 to 1988 non-consolidated revenues of Wienerberger AG*

***Revenue declines in 1994, 2001 and 2004 are due to the sale or deconsolidation of Group companies.*



2004 Transformation to a pure free float company, full acquisition of Koramic Roofing and thebrickbusiness in Great Britain

2005 € 400 million **debut bond** issued

2006 Acquisition of Robinson Brick in the western region of the US

2007 Market entry in Canada, expansion of market position in Great Britain, issue of a hybrid bond (volume: € 500 million) and capital increase (net proceeds: € 424 million)

2008 Acquisition of majority stake in British clay roof tile producer Sandtoft, increasing spread of financial crisis to real economy, triggers **global economic crisis**

2009 **Economic crisis** leads to collapse of Wienerberger markets, Heimo Scheuch appointed new CEO as of August 1, successful implementation of comprehensive **restructuring program** 2009 – liquidity sustainably secured, capital increase (net proceeds of € 320 million)

2010 Slight improvement in operating EBITDA despite weather-related limits on construction, issue of a new bond (volume: € 250 million)

The Economy

Debt crisis in Europe and possible double-dip scenario in the USA slowed economic recovery

The effects of the financial crisis were also significantly felt throughout 2010. World Bank predictions of a reserved outlook for the year were accompanied by increasing signs of a continuing difficult economic environment. The extensive government stimulus programs implemented in 2009 failed to bring the hoped-for support. The USA was confronted with a possible double-dip scenario, while the financial rescue of Greece triggered a debt crisis, and subsequently also a currency crisis, across Europe. The USA reported subdued GDP growth of 2.7% and the EU-27 economy only a low 1.8%. The export-driven Japanese economy came under substantial pressure from a currency revaluation and weak private consumption that limited GDP growth to 3.5%. Only the Asian region, and here above all China, remained untouched by developments in the USA and Europe, and increased economic performance by a strong 10.5%.

High sovereign debt triggers euro zone currency crisis

The second quarter of 2010 brought increased signals that the economic stimulus packages had not set off the expected recovery, but only created an enormous additional financial burden for the already indebted EU states. The countries cautioned by the European Commission to begin work on budget consolidation reacted with massive public spending cuts. These actions had a negative effect on the unsteady labor market and weak consumer confidence which, in turn, slowed the economic recovery. With the rescue of Greece from insolvency and growing problems in Portugal, Spain and Ireland, the European Monetary Union slid into a debt crisis. This exerted strong pressure on the common currency and, in order to provide relief for the euro and the European Union, a € 750 million economic recovery plan was implemented for the endangered member states. The resulting effects included positive GDP growth across Western Europe: Great Britain recorded an improvement from -5.0% to +1.8%, France from -2.6% to +1.6%, Italy from -5.0% to +1.1%, the Netherlands from -3.9% to +1.7% and Belgium from -2.8% to +2.0%. Particularly strong recovery was noted in Germany, with an increase from -4.7% to an impressive +3.7%.

No clear signs of economic recovery in Eastern Europe

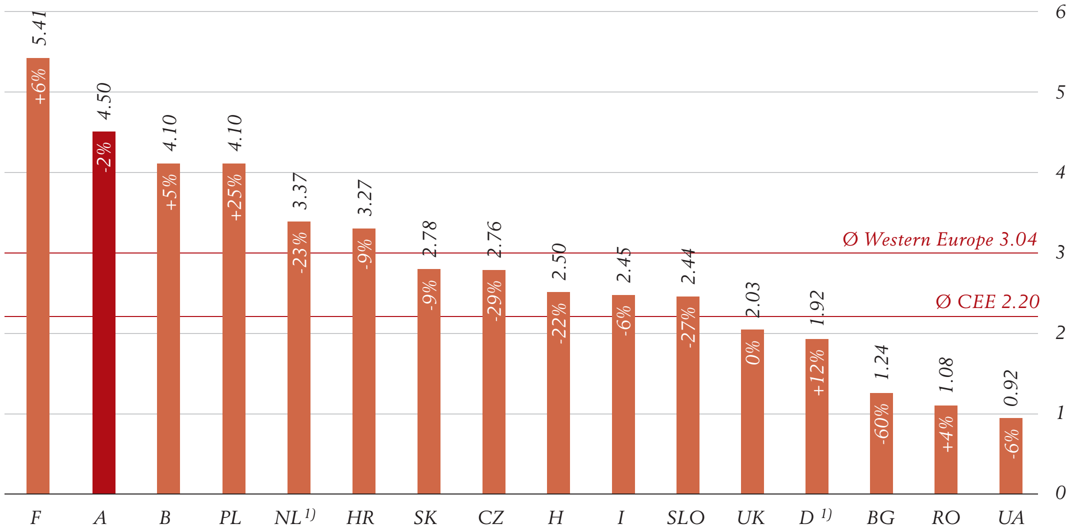
While recovery took hold in Western Europe, Eastern Europe – the last region in Europe to be hit by the financial crisis – also continued to feel the negative effects in 2010. The year brought neither an easing on the tense labor market nor a relaxation of tight lending policies, and the visibility over future market developments remained extremely limited. However, the economic trends in Eastern Europe were varied: in Slovakia, a slight improvement in the neighboring economies and infrastructure investments supported an upturn from -4.8% to +4.1%. Strong domestic demand in Poland drove growth from +1.7% to +3.5%. The Czech economy was able to rely on a healthy industrial basis and grew from -4.1% to +2.4%. Economic development in Slovenia and Hungary significantly improved with a GDP shift from -8.1% to +1.1% and from -6.7% to +1.1%, respectively. The recession remained deep-seated in Bulgaria with -0.1%, Croatia with -1.8% and Romania with -1.9%.

Source: EU Commission, EUROSTAT, OECD (GDP-Forecast, December 2010)

Housing Starts per 1,000 Residents in 2010

yoy in %

Source: Euroconstruct December 2010



1) Housing completions

Stabilization in Western Europe

The snowiest winter in more than 20 years allowed for only very limited construction activity during the first few months. High sovereign debt in many European countries, a subject that moved strongly into the focus of public attention with the Greek crisis, led to the implementation of extensive government austerity programs. The result was growing uncertainty and fading consumer confidence as well as continued high unemployment. Euroconstruct consequently revised its 2010 forecast for new residential construction in Europe downward from -2.2% to -4.0% at the end of June. The third quarter confirmed the stabilization trend in Western Europe. Slight recovery was noted on the new residential construction markets in Great Britain and Germany. The demand for building materials stabilized in France and Belgium, and only the Netherlands and Italy remained on a downturn. This development held European housing starts per thousand residents at the prior year level of 3.04.

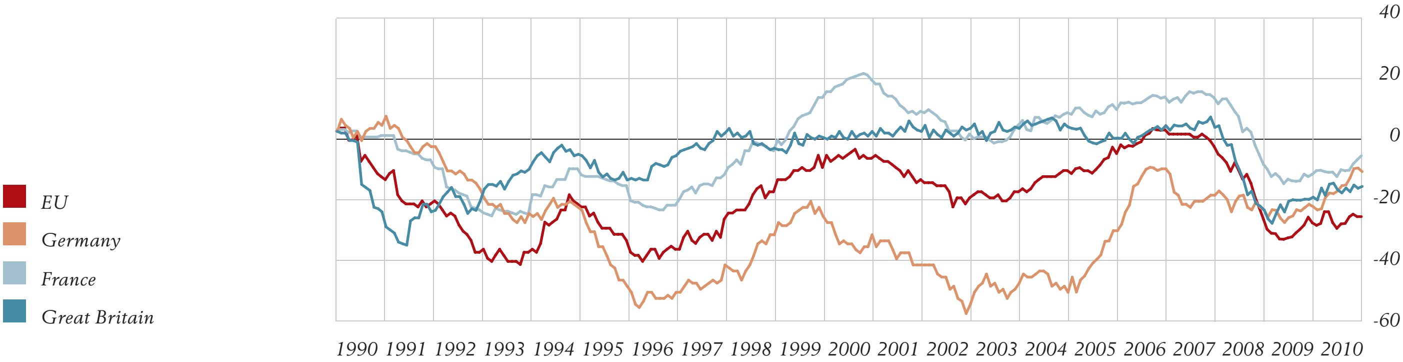
Markets in Central-East Europe remain difficult

The markets in Central-East Europe remained difficult, with no noticeable bottoming out in the demand for building materials. Demand in Poland leveled off during the summer, while the Czech Republic, Slovakia and Hungary remained weak. Weakness also continued in Bulgaria and in Romania. In total, these countries recorded further declines in the construction activity in 2010.

2010 was a year of transition for new residential construction

2010 was a year of transition for the construction of single- and two-family housing after the crisis in 2009. This trend was also reflected in the Construction Confidence Index (CCI), an indicator of expected developments in the industry. Western Europe stabilized at a very low level, but modest recovery was noted in key markets such as Belgium, Great Britain, France and Germany. Eastern Europe showed no signs of reaching the turning point, and unsteady consumer confidence was shaken further by uncertainty over the future of the economy. However, we still see considerable growth potential in this region over the medium-term because of the substantial pent-up demand.

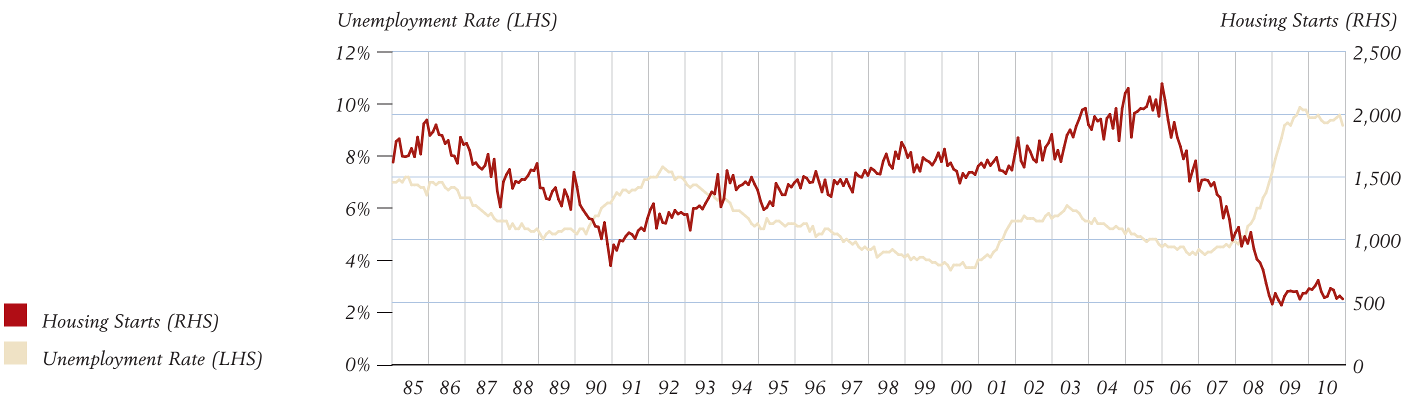
Expected Development of the Construction Industry in Europe
Source: Construction Confidence Index, Datastream



US housing market slowed by fears of double-dip scenario and persistent high unemployment

In the USA, the hoped-for recovery and economic upturn also failed to materialize. Fears of a double-dip scenario increased, and the high federal debt shifted into the focus of international attention. The Federal Reserve worked to counteract a possible downturn by holding the federal funds rate within the historically low range of 0 to 0.25% but, despite profit reports by major US banks, lending to small businesses and first-time homeowners remained very restrictive. The NAHB (National Association of Home Builders) forecast for housing starts in 2010 was revised downward from 700,000 at the beginning of the year to 600,000 in June, following a sharp drop due to the expiration of tax advantages for first-time homebuyers in April. Slow recovery on the employment market and the strained financial position of many consumers negated any signs of recovery in new residential construction or an improvement of the supply of unsold homes. There were no notable changes during the fourth quarter because of general consumer reservation in the months preceding the November congressional elections. US housing starts rose slightly by 6% to 586,000 units (or 1.88 per thousand residents) in 2010. The supply of unsold homes totaled 3.5 million units, or 8.1 months of demand, and matched the prior year.

US Housing Starts in 1,000 per Month vs. US Unemployment Rate
Source: U.S. Census Bureau



Wienerberger Share and Shareholders

Debt crisis in the USA and Europe dominates markets

The recovery on international financial markets during the second half of 2009 was followed by a slight decline in share prices at the start of 2010. This correction was preceded above all by the euro-rescue parachute for Greece and the planned reform to segregate the US commercial and investment banking sector. In the USA signs of a renewed recession increased through the spring, while in Europe the high sovereign debt of many EU member states dominated day-to-day stock exchange business. The mood on European markets grew increasingly friendly during the summer after a slight negative sideways movement, supported by publication of the positive EU bank stress tests. Only the US markets failed to show any clear signs of improvement, even in the face of sound economic reports, since skeptics were focused on a very slow economic recovery. By the third quarter, stock prices had absorbed the negative economic news from the USA, the national debt problematic and the euro crisis in Europe. The international financial markets closed the year on a positive note after sound fourth quarter performance.

Solid annual performance on US markets

The US markets followed an upward trend at the beginning of the year with a strong downward correction in early summer. The third quarter was characterized by slight upward and downward share prices movements due to the uncertainty of economic recovery in the USA. During the final trading weeks of the year, the tempo on US markets was quickened by the results of the November interim elections and the continuation of the Federal Reserve's near zero interest rate policy. The Dow Jones Industrial Average closed at 11,577.51 points with a plus of 11%, and was outpaced only slightly by the American S&P 500 Index with an annual increase of 13% to 1,257.64 points. The pessimistic outlook for the building materials sector had a negative influence on the annual performance of the DJ EURO STOXX® TMI Construction & Materials Index, which fell by 6% in 2010.

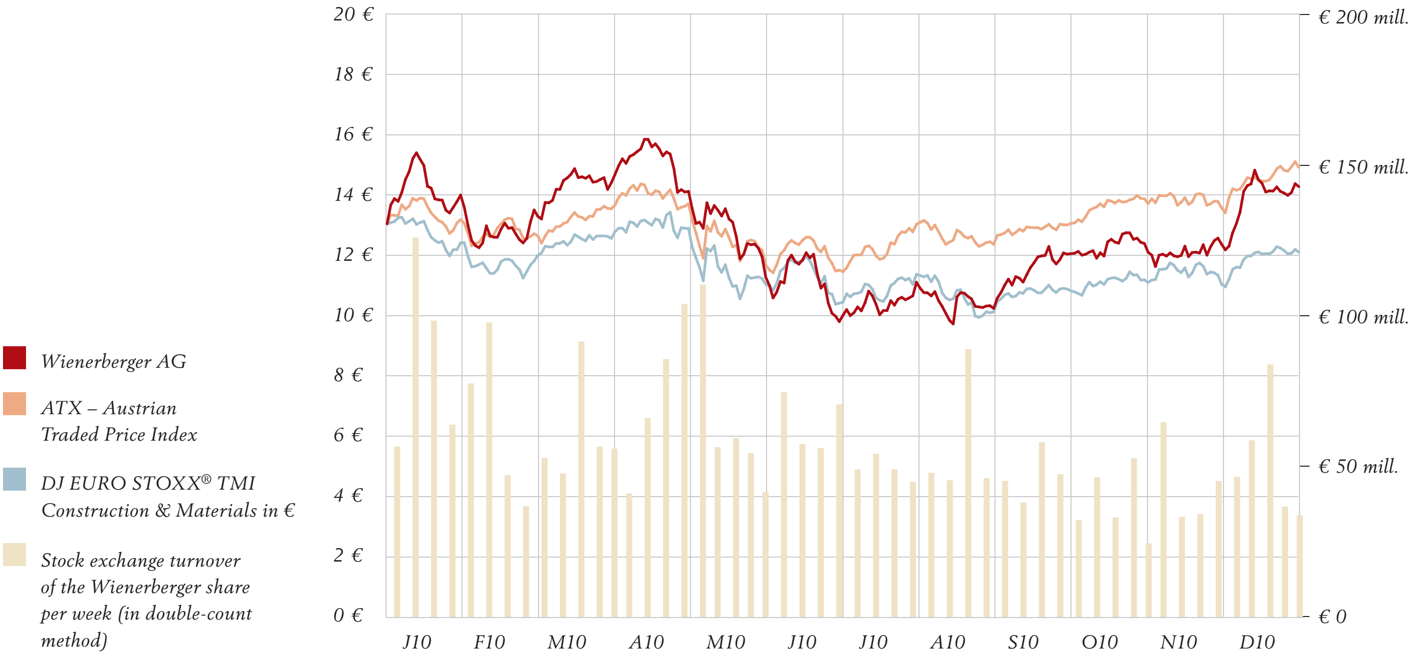
ATX closed at 2,904.47, just below the 3,000-mark

The London FTSE 100 closed at 5,899.94 points with an increase of 9% for the year, in spite of numerous IPOs. This performance reflected the gloomy mood caused by the reserved economic outlook and the EU debt crisis. On the German stock exchange, positive economic indicators for the country and above-average performance by several automobile shares supported an upturn, and the DAX closed its annual performance with a plus of 16% to 6,914.19 points. The Vienna Stock Exchange started the year at 2,537 points and, after heavy profit-taking, returned to the 2,500-mark at the end of September. The ATX closed the year with annual performance of +16% to 2,904.47 points in a friendly fourth-quarter climate, just missing the 3,000-mark.

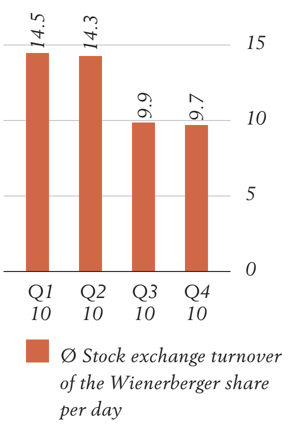
Wienerberger share showed solid annual performance with +12% to € 14.29

The positive mood in financial centers and growing optimism for the building materials industry supported an increase in the Wienerberger share to an annual high of € 16.18 in April, after profit-taking in mid-January. However, the reserved outlook issued by Euroconstruct for the construction industry and the downgrading to 'outlook negative' by Moody's exerted substantial pressure on the share during the second quarter. The result was a correction to the annual low of € 9.55 in mid-August, or a drop of 41% in only four months. The second half-year saw a clear increase in the share price, which was fueled by a cautious but optimistic outlook for 2011 and the overweighting of cyclical values by investors. A strong upward trend in the fourth quarter more than offset the earlier losses, and the Wienerberger share ended 2010 with a sound 12% increase to € 14.29.

Development of the Share Price



Liquidity
in € mill.



Key Data per Share		2008	2009	2010	Chg. in %
Earnings	in €	0.81	-3.17	-0.57	+82
Dividend	in €	0.00	0.00	0.10	>100
Free cash flow [1]	in €	2.36	2.75	1.52	-45
Equity [2]	in €	24.18	22.50	17.44	-22
Share price high	in €	39.02	17.24	16.18	-6
Share price low	in €	8.24	4.70	9.55	>100
Share price at year-end	in €	11.90	12.78	14.29	+12
P/E ratio high [3]		23.1	-50.7	-28.4	-
P/E ratio low [3]		4.9	-13.8	-16.8	-
P/E ratio at year-end [3]		7.0	-37.6	-25.1	-
Shares outstanding (weighted) [4]	in 1,000	82,895	91,298	116,528	+28
Market capitalization at year-end	in € mill.	999.0	1,502.0	1,679.5	+12
Ø Stock exchange turnover/day	in € mill.	25.1	15.9	12.0	-25

1) Cash flow from operating activities minus cash flow plus growth investments
2) Equity including non-controlling interests, excluding hybrid capital
3) Based on adjusted earnings per share
4) Adjusted for treasury stock

The value-based trading volume of the Wienerberger share fell by 24% year-on-year to € 2,998.5 million in 2010 due to a decline in the number of shares outstanding. The number of shares traded nonetheless reached 238.0 million (purchases and sales, double-count method), which represents the full turnover of Wienerberger's outstanding share capital on the Vienna Stock Exchange. The Wienerberger share maintained its ninth place in a ranking of the top ATX issues. Over-the-counter sales totaled € 240.5 million in 2010, compared with € 512.0 million in the previous year. On the Austrian Futures and Option Exchange (ÖTOB) 57,022 option contracts with a total value of € 73.6 million were traded for Wienerberger shares.

After the waiver of the dividend for two years to protect liquidity in a very difficult market environment, the Managing Board will make a recommendation to the Annual General Meeting on May 13, 2011, calling for the payment of a € 0.10 dividend per share to shareholders. The amount of future dividends is depending on the market development and on the availability of value-creating growth projects.

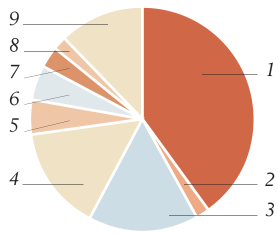
Shareholder Structure

Wienerberger AG is listed with 117.5 million shares of zero par value common stock (bearer shares, no preferred or registered shares) in the Prime Market segment of the Vienna Stock Exchange. In the USA the company trades on the OTC market through an ADR Level 1 Program of the Bank of New York. With market capitalization of € 1.7 billion and a weighting of 4% in the ATX at year-end 2010, Wienerberger is one of the largest publicly traded companies in Austria.

Wienerberger is a pure free float company without a core shareholder, and 100% of the shares are held in free float. In accordance with § 91 of the Austrian Stock Exchange Act, which requires the reporting of changes in significant investments, Dodge & Cox Inc., based in USA, is the largest Wienerberger shareholder with over 10% of the shares outstanding as of July 31, 2008. There are no other reports of shareholdings that exceed 5%.

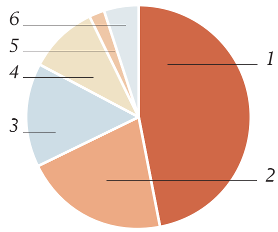
Wienerberger has a widely diversified shareholder structure, which is typical for an international publicly traded company. A January 2010 survey of the shareholder structure showed the majority of investors in the Anglo-Saxon region: North America (42%) as well as Great Britain and Ireland (15%). The share of private investors equaled 20%, but institutional investors still dominate with a share of 80%. Value-oriented investors play an important role at 47%, followed by growth-oriented and GARP investors (see graph on the right).

Shareholder Structure by Country



1 *USA 40%*
2 *Canada 2%*
3 *Austria 16%*
4 *UK & Ireland 15%*
5 *France 5%*
6 *North Europe 5%*
7 *Germany 3%*
8 *Switzerland 2%*
9 *Other 12%*

Shareholder Structure by Investor Type



1 *Value 47%*
2 *GARP 21%*
3 *Growth 15%*
4 *Index 10%*
5 *Hedge funds 2%*
6 *Other 5%*

Investor Relations

Continuation of quiet period prior to the announcement of earnings

Professional investor relations have had a high priority at Wienerberger for many years. This function reports directly to the Chief Financial Officer, but its work is also closely integrated with the Chief Executive Officer. The primary goal of our investor relations activities is to establish and maintain open communications with Wienerberger investors and shareholders to ensure the best possible transparency. In accordance with international practices, we maintain a quiet period prior to the announcement of earnings and parallel to the trading blackout for Wienerberger employees. We are aware that this places a limit on communications with investors, and we reserve the right to cancel the quiet period at our discretion.

Regular and extensive contacts with investors throughout the world

Wienerberger also held numerous road shows and participated in investor conferences throughout Europe and the USA during 2010, including the Davy Building Conference, Citigroup Building Conference, Credit Suisse European Building Materials Conference, Deutsche Bank Corporate Conference, Erste Bank Conference in Stegersbach and UniCredit Austrian Investor Conference in Kitzbühel as well as the Cheuvreux Corporate Conference in Frankfurt and the RCB Conference in Zürs. The Managing Board and the investor relations team met hundreds of investors personally, and discussed the company as well as its development and strategy in conference calls and video meetings. The Wienerberger website represents an important communications medium, and provides a wide range of information on the company as well as download versions of annual and interim reports, a financial calendar, current presentations, live webcasts of the Annual General Meeting, press conferences and conference calls (and recordings) analysts' earnings estimates and current reports, and a specially designed online annual report (annualreport.wienerberger.com).

Extel Pan-European Survey awarded the IR team as the best IR in the European building sector

Our efforts to continually improve investor relations were again honored by the financial community with numerous national and international prizes in 2010. At the ARC (Annual Report Competition) Awards in New York, Wienerberger was recognized from over 2,000 reports submitted from 26 countries with Golden Awards for the overall annual report and cover design as well as a Bronze Award for financial data. The yearly ranking by an independent jury at the Annual Report on Annual Reports resulted in a sensational third place ('A+ first rate') for Wienerberger among 40,000 annual reports submitted by companies throughout the world. For the best corporate communications in the German-speaking countries, Wienerberger followed platinum in previous year with another gold at the renowned Econ Awards in Berlin. At the Austrian AAAtrend Awards, Wienerberger was rated first for medium quality and second for business reporting as well as first across all categories for publicly traded companies. The Thomson Reuters Extel Pan-European Survey of 640 listed companies, 1798 institutional investors and 225 brokerage firms resulted in awards for the Wienerberger investor relations team as the best IR in the European building materials sector and the best IR (across all branches) in Austria. In addition, the annual web ranking by the Swedish agency Hallvarsson & Halvarsson rated the Wienerberger website number one from over 30 of the largest Austrian corporations for the third year in succession.

Wienerberger actively covered by 17 analysts

The coverage of our company by a large number of well-known Austrian and international investment banks maintains the ***visibility*** of the Wienerberger share in the financial community. During the past year Berenberg Bank (London) resumed coverage, while Collins Stewart (London), MF Global (London), Sal. Oppenheim (Vienna) ended and Morgan Stanley (London) suspended coverage. As of March 2011 Wienerberger was covered by 17 analysts, and the following brokers publish regular reports on Wienerberger and its stock (in alphabetical order): Bank of America Merrill Lynch (London), Bayerische Landesbank (Munich), Berenberg Bank (London), Cheuvreux (Zurich), Citigroup (London), Credit Suisse (London), Davy Securities (Dublin), Deutsche Bank (Vienna), Erste Bank (Vienna), Exane BNP Paribas (London), Goldman Sachs (London), HSBC Trinkaus (Frankfurt), ING Bank N.V. (London), RCB (Vienna), Royal Bank of Scotland (London), UniCredit (Vienna) and UBS (London).

Information on the Company and the Wienerberger Share

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Online Annual Report	annualreport.wienerberger.com
Vienna Stock Exchange	WIE
Thomson Financial	WBSV.VI; WIE-VI
Bloomberg	WIE AV
Datastream	O: WNBA
ADR Level 1	WBRBY
ISIN	AT0000831706

Highlights 2010

February 1 Wienerberger acquires Rimmele in Ehingen, Germany

With the acquisition of the insolvent clay block producer Rimmele, Wienerberger expanded its activities in Southern Germany and optimally strengthened its regional portfolio. Rimmele is an old-established company with high branch recognition and strong customer ties throughout the Swabian region. The company generated revenues of approx. € 8.5 million in 2008; the acquired assets include a clay pit with sufficient raw material reserves for the next 20 years.

February 11 Wienerberger increases free cash flow by 28% for 2009 in spite of the crisis

Wienerberger was faced with in part significant volume declines on all markets and recorded a sharp drop in earnings for 2009. Group revenues fell by 25% to € 1,816.9 million, operating EBITDA by 53% to € 208.6 million and operating EBIT by 92% to € 19.0 million. Adjusted earnings per share (before non-recurring effects) decreased to € -0.34 (2008: € 1.69). In spite of these weak operating results and a difficult market environment, Wienerberger increased free cash flow by an impressive 28% to approx. € 251 million. This development was supported by € 160 million of cost savings from the action plan and, above all, by a significant reduction in working capital and investments. Free cash flow and proceeds of € 320 million from the capital increase in September 2009 were used to strengthen the capital structure, which cut net debt by more than half during the reporting period.

March 24 Wienerberger publishes its first Sustainability Report

Wienerberger has been focusing on sustainability for several years. The publication of the first sustainability report transforms our commitment into an obligation. Furthermore, sustainability has been defined as a key strategic goal because of its growing importance for the future development of Wienerberger. Sustainability is regarded as an integral part of our business, and thereby also as an important factor for our economic success.

April 9 Brick Award 10 – Wienerberger honors exceptional brick architecture

On April 9, 2010 Wienerberger presented the fourth Brick Award – which carries a prize of € 21,000 – for the best international brick architecture. A total of 260 projects from 32 countries were submitted by architecture critics for this year's competition. The expert jury evaluation was based on innovative external architectonic design and the use of brick as a building material as well as the functionality and – as a factor for sustainability – the ecology of the buildings.

April 13 Successful placement of new € 250 million bond

Wienerberger AG successfully completed the placement of a new bond on March 25, 2010. This instrument has a term of 4¼ years (due on July 7, 2014) and a fixed coupon of 4.875%, and is available in units of € 1,000. The offering was heavily oversubscribed – a strong sign of investors' confidence in Wienerberger – and led to an increase in the volume from the originally planned € 200 million to € 250 million. The parallel start of a buyback offer for the 2005 bond that is due in 2012 led to the repurchase of € 141 million of the old bond. Wienerberger had a low gearing ratio of 16% at year-end 2009, and does not expect any increase in financial liabilities from these transactions.

May 4 Heavy winter snowfalls leave mark on first quarter of 2010

As expected, Wienerberger AG recorded a year-on-year decline in revenues and earnings for the first quarter of 2010. The most severe winter in more than two decades brought construction to a virtual standstill across Europe and the USA during the first two months of the new year and triggered a decline in sales volumes on nearly all Wienerberger markets. Revenues fell by 22% to € 279.5 million and EBITDA was negative at € -22.6 million, which meant the company started the year approx. € 40 million behind 2009 (Q1 2009: € +16.2 million).

June 15 Awards for CEO, CFO and IR team from Extel Thomson Reuters

Heimo Scheuch, who took over as Chief Executive Officer of Wienerberger only 11 months ago in one of the most economically difficult periods for the company – was voted the best CEO in the European building materials sector and Willy Van Riet was named the best CFO in Austria (across all branches) by the Extel Pan-European Survey. This poll was conducted by Thomson Reuters and covered 640 publicly traded companies, 1,798 institutional investors and 225 brokerage firms. Heimo Scheuch was also ranked the ninth best CEO in Europe across all branches, ahead of the board members of well-known European corporations. In addition, the Investor Relations Team with Christian Pokorny and Benjamin del Fabro under the direction of Barbara Braunöck was recognized for the "Best IR in the building materials sector in Europe" and the "Best IR in Austria (across all branches)", outranking well-known companies like Lafarge and CRH, whose teams are twice as large. This survey is the most extensive of its kind in Europe and a very special award for international capital market participants.

August 17 Wienerberger completes turnaround in second quarter of 2010

Against the backdrop of a still difficult economic environment, Wienerberger recorded a year-on-year increase of 2% in revenues to € 546.1 million and 20% in EBITDA to € 100.9 million for the second quarter of 2010. This positive development was supported, above all, by the restructuring measures implemented in 2009 and the resulting cost savings, which also contributed to the company's stable and healthy basis. Business in the first half-year was influenced by the first quarter, which was negative due to the long winter and heavy snowfall, and even the positive second quarter developments were unable to make up for this weak start. Results for January to June show revenues of € 825.6 million (-8%) and EBITDA of € 78.3 million (-22%).

October 20 Wienerberger acquires Keramo Steinzeug GmbH

With the signing of an agreement to acquire Keramo Steinzeug Abwassersysteme GmbH, Wienerberger took a strategic step to further expand its core business. The Steinzeug Group is the global market leader and the largest producer of clay pipe systems in Europe, with forecasted revenues of approx. € 70 million and EBITDA of approx. € 8 million for 2010. This specialist for ceramic pipe systems and producer of clay pipes, molded components, accessories and chamber systems operates two plants in Germany and one plant in Belgium.

October 25 Semmelrock builds state-of-the-art plant in the Czech Republic

The international Semmelrock Group, a 75% subsidiary of Wienerberger AG, is setting a strong signal on the Czech market and strengthening its local market position with the construction of a state-of-the-art plant at Ledcice near Prague. The company plans to invest over € 8 million in this new location. Operations are scheduled to start in spring 2011, with a modern, high-quality product line ranging from concrete pavers to slabs and special products.

October 29 Wienerberger raises stake in Semmelrock International to 100%

Wienerberger has held a 75% investment in Semmelrock International, the leading provider of exclusive concrete pavers in Austria and Central and Eastern Europe, since 1996. The remaining 25% of the shares, which were owned by private foundations, will now be acquired. With production facilities in Austria, Slovakia, Czech Republic, Hungary, Poland, Croatia, Romania and Bulgaria as well as sales organizations in Slovenia and Bosnia-Herzegovina, Semmelrock employs a workforce of more than 1,000. This acquisition will strengthen Wienerberger's core business in concrete pavers.

November 3 Wienerberger increases earnings in Q3 despite challenging market environment

Wienerberger recorded a 7% year-on-year increase in operating EBITDA to € 82.2 million in the third quarter of 2010. This improvement can be attributed to the restructuring measures implemented in 2009, since new residential construction was still negatively influenced by economic uncertainty, high unemployment and the resulting low consumer confidence. Against this backdrop, Group revenues remained stable at € 517.7 million for the nine months from July to September (2009: € 518.5 million).

November 18 Wienerberger helps with reconstruction after toxic sludge disaster

In October, toxic sludge from an aluminum factory flooded the Hungarian villages of Devecser and Kolontar. Hundreds of residents lost their homes and livelihoods as a result of this disaster. As the largest producer of building materials in Hungary, the Wienerberger Group is particularly interested in helping these people as quickly and unbureaucratically as possible. The company will therefore supply building materials for the reconstruction program.

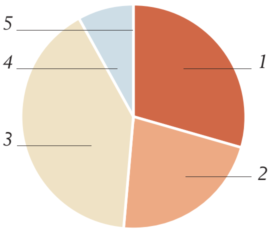
December 30 First place in web ranking of investor websites

For the third year in succession, Wienerberger was named number one in the web ranking published by the Swedish agency Hallvarsson & Halvarsson, which evaluates the Internet portals of all publicly traded companies in Austria.

Financial Review

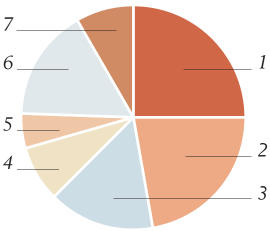
Earnings

Revenues by Segment



1 Central-East Europe 30%
2 Central-West Europe 22%
3 North-West Europe 41%
4 North America 8%
5 Investments and Other -1%

Revenues by Region



1 Eastern Europe 25%
2 Benelux 23%
3 Germany 15%
4 France 8%
5 Austria 5%
6 Other Europe 16%
7 North America 8%

The development of business in 2010 was significantly influenced by the weather as well as continuing weakness in Eastern Europe and a moderate upturn in construction activity on West European markets. After a long and severe winter in Europe and the USA, the demand for building materials in large parts of Eastern Europe was negatively affected by rainfall and flooding in April and May as well as the early start of the next winter season in all regions at year-end. In spite of these adverse conditions and the resulting slight decline in revenues, Wienerberger recorded a modest improvement in operating EBITDA due to cost savings and better capacity utilization.

Group revenues fell by 4% to € 1,744.8 million for the reporting year. This development comprised a 1% decline in volumes and 5% in prices that was partly offset by 2% of positive foreign exchange effects from stronger East European currencies as well as the US dollar and the Swiss franc. The lower average prices are explained, above all, by our proactive pricing policy in Eastern Europe, where we selectively adjusted prices to strengthen and expand our market positions, in particular versus other building materials. An analysis of revenues by segment shows the strongest declines in Central-East Europe. Continuing market weakness prevented the offset of weather-related lower demand during the first six months, despite efforts on the part of builders to make up for this lost time in the second half-year. Central-West Europe recorded a slight decrease in clay block volumes, in spite of sound development in Germany and Switzerland, due to a further decline in the demand for building materials in Italy. North-West Europe reported revenue growth in Great Britain and France but a sharp volume drop in the Netherlands. Revenues in North America remained below the prior year because new residential construction slowed further during the fourth quarter of 2010 after a slight recovery beginning in the spring.

Operating EBITDA amounted to € 210.8 million in 2010, which represents a slight 1% increase over the comparable 2009 value. Wienerberger started the year with lower, weather-related operating EBITDA of € -22.6 million for the first quarter, compared with operating EBITDA of € 16.2 million in the first three months of the previous year. The turnaround was completed during the second quarter and followed by a steady quarterly improvement in earnings. From the second to the fourth quarter we were able to increase operating EBITDA by more than 20% year-on-year and thereby confirm the success of our 2008 and 2009 action plan. The resulting fixed cost savings and better capacity utilization supported sound earnings improvement in a still difficult market environment. In 2010 we cut fixed costs by approx. € 35 million and also realized price-related energy savings of € 15 million through favorable hedging. In total, energy costs rose by 3.6% to € 268.5 million in 2010 driven by higher production volumes and equaled 15.4% of revenues (2009: 14.3%). The operating EBITDA margin increased only slightly from 11.5% in 2009 to 12.1% for the reporting year, since the above-mentioned savings were contrasted by lower average prices in Eastern Europe, Great Britain and Germany.

In Central-East Europe, operating EBITDA fell 21% below the prior year to € 86.1 million. This development reflected volume declines in all major countries as well as lower average prices in annual comparison. The demand for building materials in Poland leveled off after the first six months, while markets in the Czech Republic, Slovakia, Hungary, Romania, Bulgaria and Southeast Europe remained difficult. In contrast, the Semmelrock Group increased volumes by 5% during the reporting year following the expansion of capacity in Poland, Bulgaria and Romania as well as the acquisition of Ebenseer in April 2009. The Bramac Group, which markets concrete roof tiles in this region, was negatively influenced by the weak demand for building materials and recorded a sharp drop in earnings based on lower volumes.

Operating EBITDA in Central-East Europe 21% below prior year

Operating EBITDA in Central-West Europe rose by 10% to € 35.6 million, despite lower average prices in Germany and declining demand with continuing price pressure in Italy. Germany registered a moderate increase in roof tile volumes as a result of modest recovery in new residential construction and a stable renovation market. Switzerland recorded stable volumes and prices, with cost savings leading to improved results.

Central-West Europe: 10% increase in operating EBITDA to € 35.6 million

In North-West Europe, lower earnings in the Netherlands were more than offset by sound development in Belgium, France and Great Britain. Operating EBITDA in this segment rose by 10% to € 113.1 million. Belgium reported an improvement in margins that resulted from higher volumes and stable prices as well as cost savings and better capacity utilization. In France, the start-up of new production capacity supported an increase in clay block volumes. Substantially higher volumes of facing bricks and roof tiles were sold in Great Britain, but average prices in the facing brick segment declined following a shift in the product mix to commodity products.

10% increase in operating EBITDA to € 113.1 million for North-West Europe

Despite somewhat lower volumes and a moderate 3% decline in revenues to € 144.5 million, North America completed the expected turnaround. Operating EBITDA rose to € 4.5 million in a still difficult market environment (2009: € -13.3 million) due to improved capacity utilization and cost savings.

Turnaround in North America due to better capacity utilization

The Investments and Other segment comprises the corporate headquarters and related costs, the Wienerberger brick business in India and our pipe systems investments, whereby the results of the Pipelife Group are included at equity. The Steinzeug Group was initially consolidated in this segment as of December 31, 2010.

Earnings Development	2009	Disposals	Purchases 1)	F/X 2)	Organic	2010
	in € mill.	*in € mill.*	*in € mill.*	*in € mill.*	*in € mill.*	*in € mill.*
Revenues	1,816.9	0.2	7.8	41.3	-121.0	1,744.8
Operating EBITDA 3)	208.6	0.2	-2.3	6.1	-1.4	210.8
EBIT	-258.1	0.2	-3.2	0.7	271,5	10.7
Non-recurring items	-277.0	0.0	0.0	0.0	277.0	0.0
Financial results 4)	-37.5	0.0	-0.1	-0.1	-13.8	-51.5
Profit before tax	-295.6	0.1	0.9	0.9	253.1	-40.8
Profit after tax	-258.7	0.1	2.1	1.3	220.5	-34.9

1) Effects from changes in the consolidation range
2) Foreign exchange effects
3) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
4) Including income from investments in associates

Operating EBITDA 1)	2009	2010	Chg.
	in € mill.	*in € mill.*	*in %*
Central-East Europe	108.8	86.1	-21
Central-West Europe	32.3	35.6	+10
North-West Europe	102.5	113.1	+10
North America	-13.3	4.5	>100
Investments and Other 2)	-21.7	-28.5	-31
Wienerberger Group	**208.6**	**210.8**	**+1**

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Including holding company costs

Relatively high depreciation ratio of 10.9% reflects capital intensive brick business and Wienerberger's technical potential

Positive foreign exchange effects, primarily from East European currencies, the Swiss franc and the US dollar, increased EBITDA by € 6.1 million. Changes in the consolidation range had a negative effect of € 2.5 million. Depreciation includes € 10.4 million of asset write-downs, which are related primarily to real estate in Switzerland and to plant damage in the USA. The depreciation ratio rose from 10.4% in 2009 to 10.9% for the reporting year. This value, which is relatively high in international comparison, reflects the strong pace of investment activity in recent years and is an indicator of the capital intensive nature of our business and the technical potential of the Wienerberger Group. There were no major sales of non-core real estate in 2010.

Wienerberger tests its assets for impairment at regular intervals in connection with the annual corporate planning process. The impairment tests carried out in December 2010 based on medium-term planning for the period 2011 – 2014 did not indicate a need for impairment charges. A 6.69% after-tax cost of capital ratio was determined for the Wienerberger Group, but different regional WACC rates were applied to the USA (6.13%), Great Britain (5.46%), Russia (11.12%) and India (11.01%).

Year-end testing showed no need for impairment charges

Wienerberger concluded the action plan that was launched in 2008 at year-end 2009. In order to improve transparency, the restructuring costs and impairment charges to property, plant, equipment and goodwill that were recognized in 2008 and 2009 are shown separately on the income statement. No further restructuring measures were required during the reporting year.

Restructuring completed at the end of 2009

Operating EBITDA margin rises from 11.5% to 12.1%

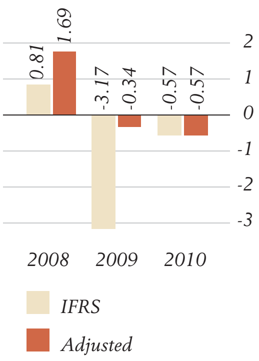
Profitability Ratios	2009	2010
	in %	*in %*
Gross profit to revenues	28.1	29.0
Administrative expenses to revenues	6.8	6.9
Selling expenses to revenues	21.3	22.6
Operating EBITDA margin 1)	11.5	12.1
EBIT margin	-14.2	0.6

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill

Income Statement	2009	2010	Chg.
	in € mill.	*in € mill.*	*in %*
Revenues	1,816.9	1,744.8	-4
Cost of goods sold	-1,305.9	-1,238.8	-5
Selling and administrative expenses 1)	-510.3	-514.5	+1
Other operating expenses	-41.2	-50.5	+23
Other operating income	59.5	69.7	+17
Operating EBIT 2)	**19.0**	**10.7**	**-44**
Restructuring costs and impairment charges to property, plant and equipment	-153.7	0.0	>100
Impairment charges to goodwill	-123.3	0.0	>100
EBIT 3)	**-258.1**	**10.7**	**>100**
Financial results 4)	-37.5	-51.5	-37
Profit/loss before tax	**-295.6**	**-40.8**	**+86**
Income taxes	36.9	5.9	-84
Profit/loss after tax	**-258.7**	**-34.9**	**+87**

1) Including freight costs
2) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
3) Calculated on the basis of data that was not rounded
4) Including income from investments in associates

Earnings per Share
in €



The end of restructuring led to a significant improvement in EBIT, which rose significantly from € -258.1 million in the prior year to € 10.7 million for 2010. Financial results declined, above all due to lower earnings contributions from the investments in associates (Pipelife and Tondach Gleinstätten) as well as higher interest expenses. For the Pipelife Group, 2010 was characterized by restructuring to adjust capacity in accordance with market conditions, cut fixed costs and further reduce working capital. Tondach Gleinstätten was also negatively affected by the difficult market environment in Eastern Europe. Interest result declined from € -37.8 million in 2009 to € -43.4 million as a result of non-recurring expenses connected with the premature repayment of loans. The effective tax rate of 14.4% (2009: 12.5%) for the Wienerberger Group reflects lower income tax rates in Eastern Europe as well as lower deferred tax income due to the non-deductibility of loss carryforwards in some countries.

Earnings per share of € -0.57

Earnings per share are computed after the deduction of non-controlling interests and the € 32.5 million hybrid coupon payment. Based on a higher weighted number of shares outstanding of 116.5 million (following the capital increase in September 2009), earnings per share equaled € -0.57 (2009: € -3.17).

Asset and Financial Position

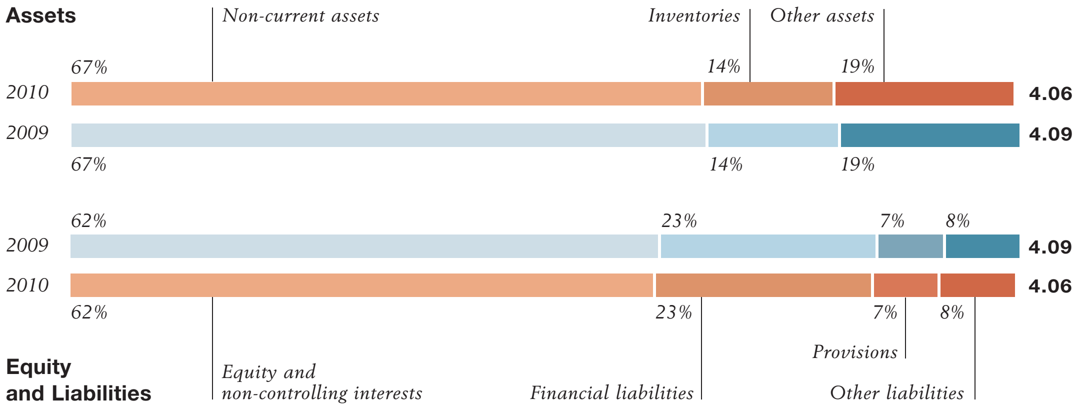
Balance sheet total of € 4,059.3 million

The balance sheet total declined 1% to € 4,059.3 million in 2010 as a result of scheduled depreciation and a further reduction in working capital. The balance sheet structure of the Wienerberger Group is typical for the industry, and is characterized by a high fixed asset component and long-term financing.

Working capital to revenues reduced from 27.9% to 25.5% in 2010

Non-current assets matched previous year level with 67% whereby property, plant and equipment represented 67% (2009: 68%) of capital employed. Acquisitions and foreign exchange effects led to an increase of € 17.2 million in inventories, which grew from € 552.4 million at the end of 2009 to € 569.6 million at year-end 2010. Average trade receivables turnover fell from 34 to 24 days, while trade payables turnover rose from 42 to 51 days. Working capital (inventories + net trade receivables – trade payables) was reduced above all by a decrease in trade receivables through factoring effects as well as an acquisition-related increase in trade payables, and equaled € 444.9 million, which represents a 25.5% share of revenues (2009: 27.9%) or 16% (2009: 18%) of capital employed. Average working capital turnover fell to 99 days (2009: 125 days). Wienerberger had strong liquidity reserves of € 539.7 million at year-end 2010, which comprised cash on hand, bank deposits and securities.

Development of Balance Sheet Structure
in € billion



Group equity equals € 2,525.7 million

Group equity declined 1% to € 2,525.7 million (2009: € 2,547.0 million). The main contributing factors in this development were the € 34.9 million loss recorded for the year and the € 32.5 million hybrid coupon payment. Foreign exchange differences and effects from hedging instruments increased equity by € 58.1 million. The acquisition of the remaining 25% stake in the Semmelrock Group was financed with cash as well as one million Wienerberger shares. The net effects of this transaction reduced Group equity by € 12.0 million. The equity ratio (including non-controlling interests) remained constant at 62% (2009: 62%). As of the balance sheet date, equity covered 93% of non-current assets.

86% of interest-bearing financial liabilities are long-term

Non-current provisions rose by a slight 2%. Employee-related provisions increased 18% to € 73.0 million due to the application of a lower discount rate as well as the initial consolidation of the Steinzeug Group. The provisions for pension were € 6.3 million higher than 2009, above all due to foreign exchange differences and the above-mentioned change in the consolidation range, and are of lesser importance for the long-term financing of the Wienerberger Group. In contrast, the provisions for deferred taxes declined 11% to € 79.8 million. Current provisions totaled € 63.2 million and, due to acquisitions, exceeded the comparable prior year value by 6%. The total of non-current and current provisions remained unchanged at 7% of the balance sheet total. Interest-bearing loans (financial liabilities) were reduced by € 36.2 to 914.2 million and include € 888.7 million due to banks, bondholders and other parties, € 18.7 million of derivatives with negative market values, € 4.3 million of leasing liabilities and € 2.5 million of Group liabilities. These liabilities are contrasted by cash, bank deposits and securities of € 539.7 million. Of the € 888.7 million in liabilities due to banks, bondholders and other parties 86% (2009: 93%) are long-term and 14% (2009: 7%) short-term in nature.

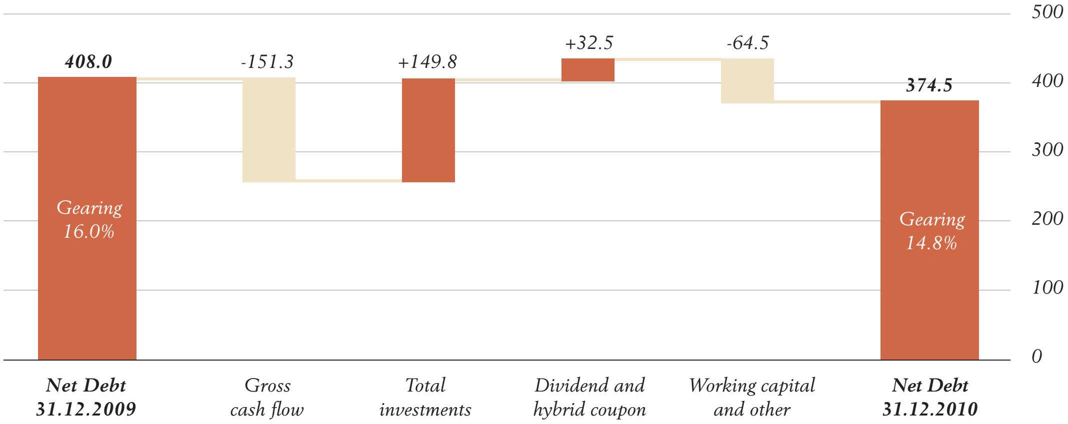
Calculation of Net Debt[1)]	2009	2010	Chg.
	in € mill.	*in € mill.*	*in %*
Long-term interest-bearing financial liabilities	876.0	772.3	-12
Short-term interest-bearing financial liabilities	67.2	135.1	>100
Financial leases	5.9	4.3	-27
- Intercompany receivables and payables from financing	-20.5	-19.4	-5
- Securities and other financial assets	-71.0	-64.4	-9
- Cash and cash at bank	-449.6	-453.4	+1
Net debt	**408.0**	**374.5**	**-8**

1) Excluding hybrid bond

Net debt further reduced from € 408.0 to 374.5 million

As of December 31, 2010 net debt totaled € 374.5 million, or 8% less than the year-end 2009 value of € 408.0 million. Net debt was increased by € 149.8 million of investments and by € 32.5 million for the hybrid coupon payment. Net debt was reduced by gross cash flow of € 151.3 million, a further € 30.6 million decline in working capital, divestments of € 18.7 million and foreign exchange differences and other items totaling € 15.2 million. Gearing equaled 14.8% at the end of the reporting year (2009: 16.0%). Long-term financing such as equity, non-current provisions and long-term liabilities covered 130% of fixed and financial assets at year-end 2010 (2009: 135%). The ratio of net debt to operating EBITDA equaled 1.8 (2009: 2.0).

Development of Net Debt
in € mill.



Balance Sheet Development	2009	Disposals	Purchases [1)]	F/X [2)]	Organic	2010
	in € mill.	*in € mill.*	*in € mill.*	*in € mill.*	*in € mill.*	*in € mill.*
Fixed assets	1,905.4	0.0	30.3	53.1	-116.6	1,872.2
Intangible assets	641.1	0.0	24.0	19.3	-8.1	676.3
Other non-current assets	217.1	0.0	-11.7	4.9	0.8	211.1
Inventories	552.4	0.0	22.7	10.3	-15.7	569.7
Other current assets	771.4	0.0	-4.6	-2.8	-34.0	730.0
Balance sheet total	**4,087.4**	**0.0**	**60.7**	**84.8**	**-173.6**	**4,059.3**
Equity [3)]	2,547.0	0.0	17.0	83.6	-121.9	2,525.7
Provisions	277.1	0.0	27.4	10.0	-30.0	284.5
Liabilities	1,263.3	0.0	16.3	-8.8	-21.7	1,249.1

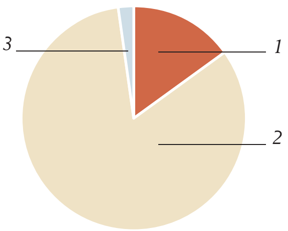
1) Effects of companies and stakes acquired in 2010
2) Foreign exchange effects
3) Including non-controlling interests and hybrid capital

The acquisition-related growth was connected primarily with the takeover of the Steinzeug Group. The organic decline of € 173.6 million in the balance sheet total resulted above all from depreciation and amortization as well as a reduction in inventories.

Organic decline of € 173.6 million in the balance sheet total

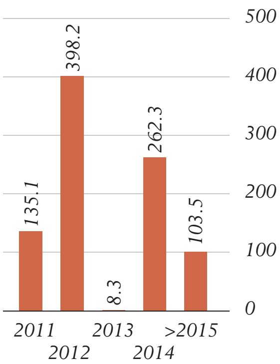
Balance Sheet Ratios		2009	2010
Capital employed	*in € mill.*	2,816.8	2,779.5
Net debt	*in € mill.*	408.0	374.5
Equity ratio	*in %*	62.3	62.2
Gearing	*in %*	16.0	14.8
Asset coverage	*in %*	93.4	92.6
Working capital to revenues	*in %*	27.9	25.5

Term Structure of Interest-bearing Financial Liabilities
in %



1 <1 year 15%
2 1 – 5 years 83%
3 >5 years 2%

Term Structure of Interest-bearing Financial Liabilities
in € mill.



Treasury

The peak of the financial crisis appears to have passed, but the focus remains on cash preservation and financial flexibility. Efforts in 2010 concentrated on improving the term structure of liabilities and, above all, on reducing the refinancing requirements for 2012, when the € 400 million bond issued in 2005 is scheduled for repayment. In April 2010 Wienerberger issued a new bond (€ 250 million volume, 4¼-year term) and also made a repurchase offer (at a price of 100%) for the bond that is due in 2012. A total of € 140.8 million from the old bond was repurchased, which reduced the required refinancing for this instrument to € 259.2 million. These steps allowed Wienerberger to waive the term extensions for existing loans that were granted by the banks in 2009 and to repay part of these loans prematurely with the remaining funds from the new bond – which led to a significant improvement in the term structure of the Group's liabilities. At year-end 2010 Wienerberger was in the comfortable position of having a large part of the 2012 refinancing requirements covered by liquid funds. These liquid funds were invested in a variety of diversified instruments, with special attention paid to the equity base and the rating of the respective investment partner in order to minimize the risk of default.

In January 2011 Wienerberger also renegotiated the covenants included in the bank credit agreements. Following a temporary change in the contracts during 2009, Wienerberger was able to obtain a permanent amendment of the covenants with its banks by unanimous agreement. In the future, the ratio of net debt to operating EBITDA (12 months rolling) may not exceed 3.5 and EBITDA interest coverage (operating EBITDA / interest result) may not fall below 3.75. The new covenants are limited to these two indicators, which better reflect the seasonal and cyclical fluctuations in the building materials industry. Compliance with the covenants will only be tested twice each year in June and December.

Since the premature repayments in 2010 were directed primarily to variable interest rate loans, 78% of our total liabilities now carry fixed interest rates. The remaining variable interest liabilities are contrasted by a substantially higher share of variable interest liquid funds, which eliminates the interest rate risk connected with these obligations. Wienerberger had a "negative carry" during the reporting year because the interest rates on liquid funds were lower than the interest rates on bonds and loans, and the improvement in interest result was therefore not as high as the reduction in net debt.

Net debt/operating EBITDA of 1.8

Treasury Ratios	2009	2010
Net debt/operating EBITDA[1)]	2.0	1.8
Operating EBITDA[1)]/interest result	5.5	4.9

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill

Cash Flow

Gross cash flow rose from € 52.5 million in 2009 to € 151.3 million for the reporting year, or by nearly € 100 million. In contrast, cash flow from operating activities decreased from € 290.9 million to € 230.4 million. This development reflected the substantial reduction in working capital, above all through the systematic, non-recurring cutback of inventories, which had a positive effect on cash flow in 2009. The restrictive investment policy continued from 2009 into the reporting year, and is clearly reflected in cash flow from investing activities. Maintenance, replacement and rationalization investments (maintenance capex) totaled € 61.7 and remained at the prior year level. A total of € 88.1 million (2009: € 71.4 million) was spent on the completion of previously started projects and smaller growth investments. Cash flow from financing activities includes the € 250 million proceeds from the bond issued in April 2010. The proceeds were used to prematurely repurchase approx. € 141 million of the 2005 bond that is due in April 2012 and to repay long-term loans. These measures are shown as a net amount under changes in long-term financial liabilities as part of cash flow from financing activities. As in previous years, a € 32.5 million hybrid coupon was paid in 2010. Dividends of € 3.1 million were received from associated companies during the reporting year. Wienerberger generated impressive free cash flow (cash flow from operating activities minus cash flow from investing activities plus growth investments) of € 176.8 million in 2010, which was used for value-creating acquisitions, the premature repayment of loans and the payment of the hybrid coupon.

Financial base strengthened by impressive free cash flow of € 176.8 million

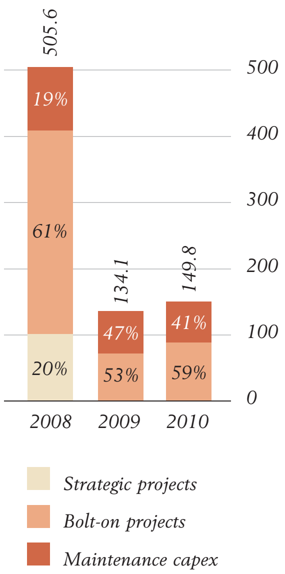
Cash Flow Statement	2009	2010	Chg.
	in € mill.	*in € mill.*	*in %*
Gross cash flow	**52.5**	**151.3**	**>100**
Change in working capital and other	238.4	79.1	-67
Cash flow from operating activities	**290.9**	**230.4**	**-21**
Maintenance capex (maintenance, rationalization, environment)	-62.7	-61.7	-2
Growth investments	-71.4	-88.1	+23
Divestments and other	22.6	8.1	-64
Cash flow from investing activities	**-111.5**	**-141.7**	**-27**
Growth investments	71.4	88.1	+23
Free cash flow	**250.8**	**176.8**	**-30**

Investments

Investments of € 149.8 million (2009: € 134.1 million)

Wienerberger spent € 149.8 million on investments in 2010 (2009: € 134.1 million). Maintenance, rationalization and environmental investments (maintenance capex) amounted to € 61.7 million (2009: € 62.7 million) or 33% of depreciation for the year (2009: 33%). This represents the part of capital expenditure that is required to maintain current production capacity and modify equipment to meet the latest technical standards. A total of € 88.1 million (2009: € 71.4 million) was spent for acquisitions and the completion of previously started growth projects (bolt-on and external projects). The growth investments were distributed by segment as follows in 2010: 25% in Central-East Europe, 20% in North-West Europe, 13% in Central-West Europe and 42% in Investments and Others.

Total Investments
in € mill.



Investments in property, plant and equipment are divided among the various asset groups as follows: land and buildings at € 16.3 million, machinery and equipment at € 39.4 million, fixtures, fittings and office equipment at € 7.0 million and construction in progress at € 34.2 million.

Development of Non-current Assets	Intangible	Tangible	Financial	Total
	in € mill.	in € mill.	in € mill.	in € mill.
31.12.2009	**641.1**	**1,946.7**	**138.2**	**2,726.0**
Capital expenditure [1]	1.7	96.9	0.3	98.9
Changes in the consolidation range	24.0	30.3	-13.8	40.5
Depreciation and amortization	-8.6	-191.5	-0.1	-200.2
Disposals	-0.3	-7.4	0.0	-7.7
Currency translation and other	18.4	55.4	-3.9	69.9
31.12.2010	**676.3**	**1,930.4**	**120.7**	**2,727.4**

1) Additions as per schedule of fixed and financial assets

Total Investments [1]	2009	2010	Chg.
	in € mill.	in € mill.	in %
Central-East Europe	55.6	49.1	-12
Central-West Europe	13.2	19.8	+50
North-West Europe	50.1	35.2	-30
North America	8.8	7.8	-11
Investments and Other	6.4	37.9	>100
Wienerberger Group	**134.1**	**149.8**	**+12**

1) Additions to property, plant and equipment, intangible assets and financial assets, including working capital and changes in the consolidation range, or maintenance capex plus growth investments

Wienerberger Value Management

One of the key elements for our internal operating management is a cash-based pre-tax return, which is calculated for all corporate levels and shows the value added by the Group and its business units. The key ratios are cash flow return on investment (CFROI = EBITDA/average historical capital employed) and cash value added (CVA). The CFROI model allows us to compare the various segments of the Group, independent of the age structure of their plants. We have defined a minimum sustainable CFROI target of 11.5% (= hurdle rate), after adjustment for non-recurring income and expenses, for all segments. For the calculation of CVA, the CFROI of the individual segments is compared with this hurdle rate and then multiplied by average historical capital employed (CE). CVA shows the absolute operating cash value added by the individual segments.

CFROI and CVA are key indicators for management

Calculation of Group CFROI		2009	2010
Operating EBITDA [1)]	*in € mill.*	**208.6**	**210.8**
Average capital employed	*in € mill.*	3,034.5	2,798.2
Average accumulated depreciation	*in € mill.*	1,856.0	2,115.3
Average historical capital employed	*in € mill.*	**4,890.5**	**4,913.5**
CFROI	*in %*	**4.3**	**4.3**

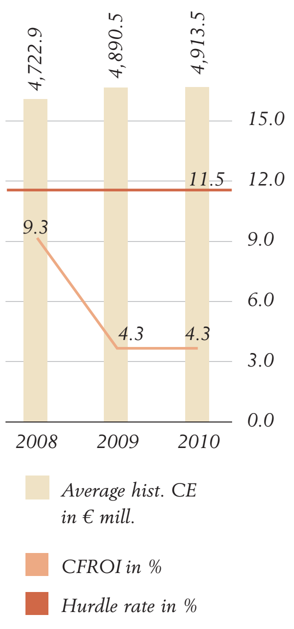
1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill

Group CFROI below hurdle rate of 11.5%

CFROI 2010 by Operating Segments	Operating EBITDA [1)]	Average historical CE	CFROI [2)]	CVA [2)]
	in € mill.	*in € mill.*	*in %*	*in € mill.*
Central-East Europe	86.1	1,465.8	5.9	-82.5
Central-West Europe	35.6	782.4	4.5	-54.4
North-West Europe	113.1	1,867.1	6.1	-101.6
North America	4.5	704.6	0.6	-76.5
Investments and Other [3)]	-28.5	93.6	-30.4	-39.2
Wienerberger Group	**210.8**	**4,913.5**	**4.3**	**-354.2**

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Calculated on the basis of average historical capital employed and unrounded data
3) Including holding company costs

CFROI



Due to the ongoing weak development of earnings, CFROI did not exceed the hurdle rate in any of the Wienerberger segments. Group CFROI fell below the hurdle rate to 4.3% for the reporting year.

In addition to CFROI, return on capital employed (ROCE) is also calculated at the Group level. This indicator is computed by comparing net operating profit after tax (NOPAT) to average capital employed for the entire Group. The ratio indicates the extent to which Wienerberger meets the yield required by investors. The average cost of capital for the Group is based on the minimum return expected by investors for funds they provide in the form of equity and debt. The weighted average cost of capital (WACC) is determined by adding an appropriate risk premium for stock investments to the actual cost of debt for Wienerberger. The after-tax WACC was calculated at 6.69% in 2010.

Net operating profit after tax (NOPAT) is calculated on the basis of operating EBIT before restructuring costs and impairment charges to goodwill. This indicator fell to € 4.8 million in 2010. Capital employed declined by a slight 1% to € 2,779.5 million as of December 31, 2010. ROCE remained constant at 0.2% (2009: 0.2%), and resulted in EVA® of € -182.4 million for the reporting year (2009: € -207.3 million).

Calculation of Group ROCE		2009	2010
Operating EBIT 1)	*in € mill.*	19.0	10.7
Income taxes	*in € mill.*	36.9	5.9
Adjusted income taxes	*in € mill.*	-49.3	-11.8
NOPAT	*in € mill.*	**6.6**	**4.8**
Equity and non-controlling interests	*in € mill.*	2,547.0	2,525.7
Financial liabilities and financial leases	*in € mill.*	949.2	911.7
Intercompany receivables and payables from financing	*in € mill.*	-20.5	-19.4
Cash and financial assets	*in € mill.*	-658.9	-638.5
Capital employed	*in € mill.*	**2,816.8**	**2,779.5**
Average capital employed	*in € mill.*	**3,034.5**	**2,798.2**
ROCE 2)	*in %*	**0.2**	**0.2**

At 0.2% ROCE is less than WACC of approx. 7%; negative EVA® of € 182.4 million

Value Ratios		2009	2010
ROCE 2)	*in %*	0.2	0.2
EVA® 3) 4)	*in € mill.*	-207.3	-182.4
CFROI 4)	*in %*	4.3	4.3
CVA 4)	*in € mill.*	-353.8	-354.2

1) Before restructuring cost and impairment charges to property, plant and equipment and goodwill
2) Calculated on the basis of average capital employed (average of capital employed on January 1, 2010 and December 31, 2010)
3) EVA® is a registered brand name of Stern Stewart & Co.
4) Calculated on the basis of average historical capital employed and unrounded data

Outlook and Goals

Only limited forecast possible due to low visibility in CEE and USA

Our forecast for 2011 is limited by low visibility on markets in Eastern Europe and the USA. In Western Europe, we expect stable to slightly positive demand for building materials in 2011.

Central-East Europe: Poland stable to slightly positive, low visibility on other markets

The markets in Central-East Europe are difficult to estimate at the present time. Poland – with its macroeconomic stability and strong domestic demand – is the only country that gives us grounds for greater optimism, and here we are assuming stable to slightly positive development in new residential construction. Visibility is so low in the other East European countries that forecasts are impossible and a further slight decline in demand cannot be excluded.

North America: low visibility, slight recovery possible in second half-year

For the USA, the NAHB (National Association of Home Builders) is forecasting a 17% increase in housing starts to 688,000 in 2011. We take a more cautious view due to the prevailing consumer uncertainty and still high level of unemployment. Our assessment shows weak but stable demand for building materials during the first six months, with possible recovery only in the second half-year at a level below the NAHB forecast. Based on the extensive restructuring measures implemented in recent years and the resulting sustainable reduction in costs, we expect an improvement in capacity utilization and therefore also in earnings for the full year.

Western Europe: slight recovery possible in Germany, Belgium and France

The demand for building materials in Western Europe should improve to a certain extent. Construction activity in the Netherlands, Great Britain, Switzerland and Italy is forecasted to reach the 2010 level, while moderate growth seems possible in Germany, Belgium and France. We plan to adjust prices in this region to keep pace with the increase in costs.

Maintenance capex of approx. € 110 million planned, price-driven rise in energy costs

Our budget for maintenance capex covers maintenance but also optimization measures for existing equipment and amounts to € 110 million. Growth projects (bolt-on projects, smaller acquisitions) will be realized to expand our core business – if opportunities for value creation arise – depending on the availability of cash flow. We expect a price-related increase in energy costs for 2011, under the assumption that production remains at the 2010 level and based on the current hedged volume of over 50%.

2011: significant improvement in earnings expected

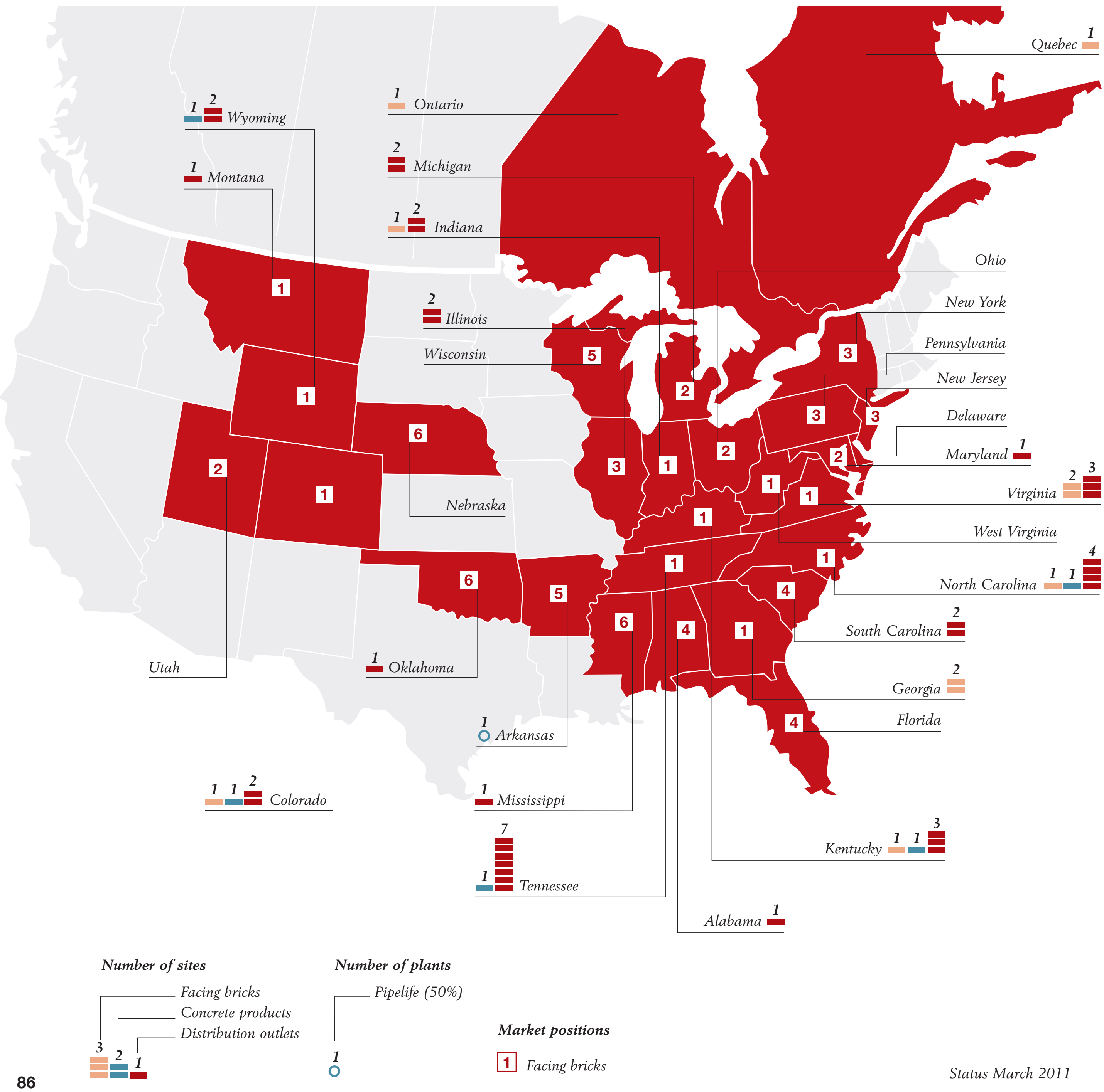
We successfully reduced fixed costs by approx. € 200 million in comparison with 2008 and held gearing to 15% at year-end 2010. Wienerberger has lean cost structures, a strong balance sheet, innovative products and, not least due to the modern and efficient plant network, is now stronger than ever. In the operating business, we will continue to intensify our marketing activities and also increase our focus on premium products in existing markets and their launch into new markets. Despite the limited visibility in Eastern Europe and America, we therefore expect a substantial improvement in earnings during 2011 that will also be supported by approx. € 30 million of one-off effects (from the stock swap in the roof segment).

This annual report includes information and forecasts that are based on the future development of the Wienerberger Group and its member companies. These forecasts represent estimates, which were prepared based on the information available at this time. If the assumptions underlying these forecasts are not realized or risks – as described in the risk report – should in fact occur, actual results may differ from the results expected at this time. This annual report is not connected with a recommendation to buy or sell shares in Wienerberger AG.

Plant Sites and Market Positions

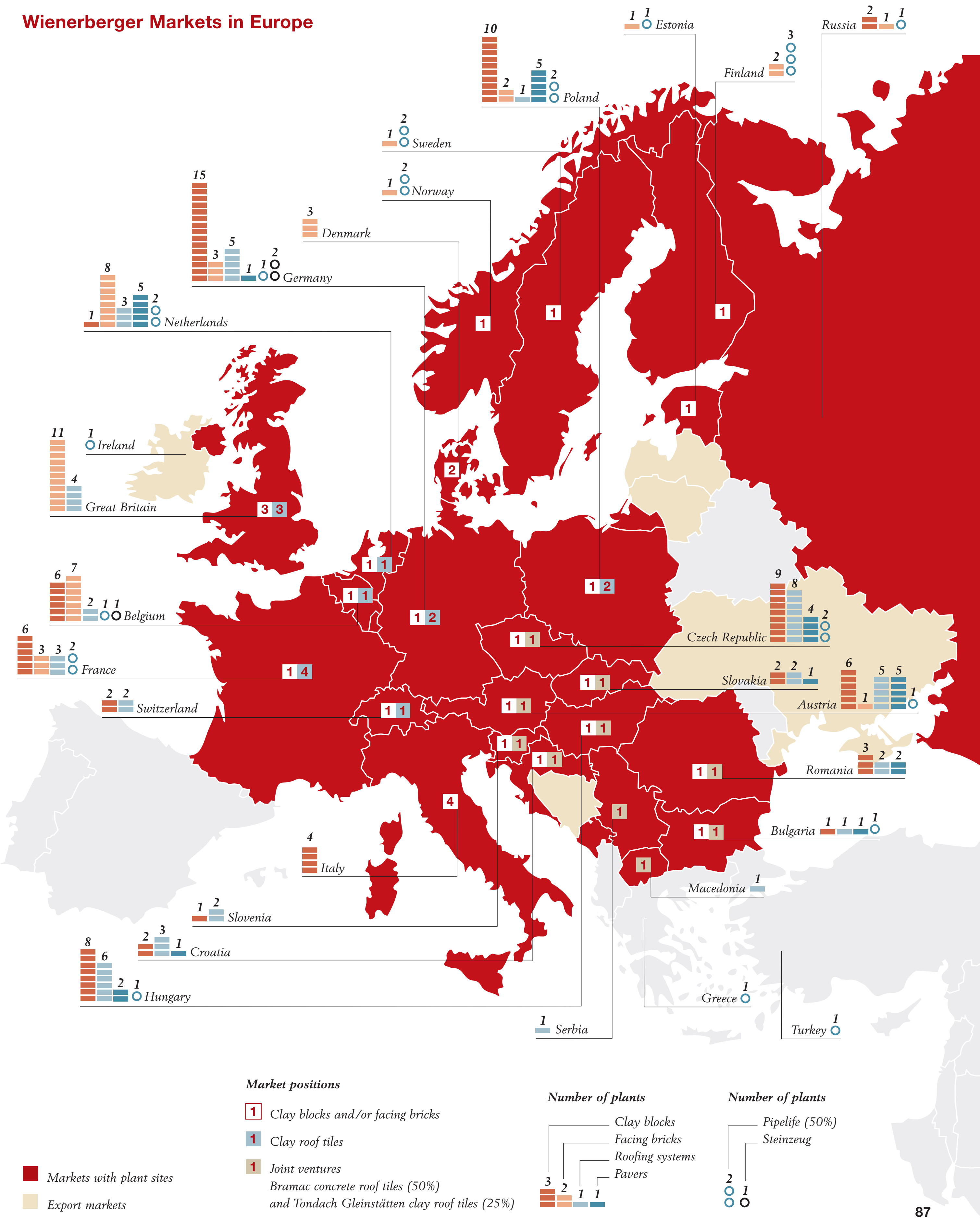
Wienerberger is the only multinational producer of bricks and roof tiles, with a total of 216 plants in 27 countries and five export markets, including the newly opened plant in India. We operate 29 plants for the production of pipe systems. We are concentrating on our core expertise and continuously expanding our geographical portfolio. Our focus is placed on the development and expansion of strong positions in the markets in which we are present.

Wienerberger Markets in North America



Status March 2011

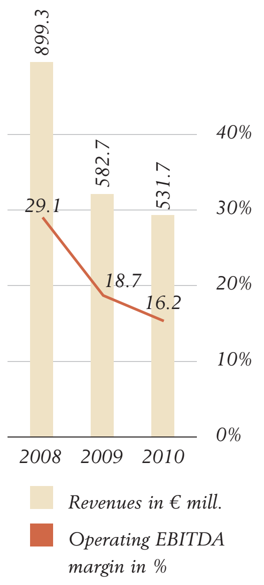
Wienerberger Markets in Europe



Central-East Europe

The Central-East Europe segment covers our brick and paver activities (Semmelrock) in Austria, Central and Eastern Europe. Also included here are our two investments in the roofing segment, Bramac (concrete roof tiles, 50% stake, proportionate consolidation) and Tondach Gleinstätten (clay roof tiles, 25% stake, at equity consolidation), which are active in Eastern Europe.

Central-East Europe was faced with weak market conditions at the beginning of 2010. The long severe winter at the start of the year and flooding in large parts of the region during April and May triggered a sharp drop in construction activity. However, subsequent efforts on the part of builders to make up for this lost time as well as our proactive pricing policy, which helped to expand our positions in nearly all countries, led to a substantial rise in volumes during the second six months in this difficult market environment. The overall result was a slight 3% year-on-year volume decline in sales of clay blocks, Wienerberger's most important product segment in this region. In the paver segment, demand was lower but new capacity supported a 5% increase in concrete paver volumes. Revenues in Central-East Europe fell by 9% to € 531.7 million in 2010. This factor, combined with higher start-up costs during the cold and damp weather at the beginning of the year and lower average prices, was responsible for a 21% drop in operating EBITDA to € 86.1 million. In spite of these negative effects and adverse market conditions, Central-East Europe was able to generate above-average results for the Wienerberger Group with an operating EBITDA margin of 16.2%. This segment recorded 30% of Group revenues and 41% of operating EBITDA for the reporting year. Our assessment of developments in Central-East Europe during 2011 remains cautious because of the still limited visibility. There are positive signals from the region, but uncertainty prevails in many countries, consumer confidence is low and financing remains limited.



Central-East Europe		2009	2010	Chg. in %
Revenues	in € mill.	582.7	531.7	-9
Operating EBITDA 1)	in € mill.	108.8	86.1	-21
EBIT	in € mill.	-29.8	20.6	>100
CFROI 2)	in %	7.5	5.9	-
CVA 2) 3)	in € mill.	-57.6	-82.5	-43
Total investment	in € mill.	55.6	49.1	-12
Capital employed	in € mill.	787.7	737.0	-6
Empoyees 4)		5,174	4,425	-14
Sales volumes clay blocks	in mill. NF	2,921	2,841	-3
Sales volumes concrete pavers	in mill. m²	11.06	11.57	+5
Sales volumes concrete roof tiles 5)	in mill. m²	14.08	11.91	-15

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Calculation based on average historical capital employed
3) Hurdle rate = 11.5%
4) Average number of employees for the year
5) Sales volumes are not proportionate, but reflect 100%

Poland (7% of Group revenues)

Clay block volumes in Poland roughly match prior year

Construction activity in Poland was hit hardest by the bad weather in 2010. After a long and snowy winter, large parts of the country were affected by heavy rainfall and flooding during April and May. The result was a substantial decline in the demand for building materials during the first half-year. However, increased construction activity beginning in June and higher market shares as a result of our successful proactive pricing policy led to a significant improvement in clay block volumes during the second six months. This nearly offset the initial declines and held volumes for the full year nearly at the 2009 level. Higher start-up costs and lower average prices had a negative effect on earnings and resulted in lower margins for this country. Poland has strong domestic demand and a healthy economy with declining unemployment. These factors should have a positive impact on the demand for single- and two-family housing. Depending on the availability of financing, we expect the demand for building materials will remain stable or improve slightly in 2011. Wienerberger will benefit from increased infrastructure investments in the run-up to the UEFA EURO 2012™ soccer championships, above all in the paver segment, but this event is not expected to provide any impulses for new residential construction.

Czech Republic (3% of Group revenues)

Lower revenues and earnings in Czech Republic

Housing starts in the Czech Republic fell by 25% in 2010. In this difficult operating climate, Wienerberger was able to increase the share of premium products and outperform the market with a proactive pricing policy for standard products. A slight year-on-year volume decline combined with lower average prices led to a decrease in revenues and earnings for the reporting year. Visibility for 2011 is limited because the effects of the government austerity program on economic growth are still unknown. We intend to increase our focus on premium products and, based on stable prices, also strengthen our market position.

Hungary (2% of Group revenues)

New residential construction in Hungary very weak

The number of building permits in Hungary has dropped by nearly 60% since 2008, and housing starts fell by 22% in 2010. Supported by extensive capacity adjustments and fixed cost reductions in 2008 and 2009, we were able to generate positive EBITDA in 2010 despite a further significant decline in volumes. A slight rise in new residential construction from a very low level may be possible in Hungary during 2011, but any improvement could be slowed by the government's deficit reduction program. We expect our Hungarian subsidiary to record higher earnings in 2011 due to somewhat better capacity utilization and cost savings.

Romania (2% of Group revenues)

Earnings decline in Romania

Romania was again faced with high foreign debt and a high foreign trade deficit in 2010. Uncertainty on the part of consumers and the limited availability of financing led to a further decline of nearly 20% in private residential construction. Wienerberger outpaced the market, but recorded lower earnings due to a sizeable year-on-year drop in average prices. Further developments in Romania are difficult to estimate at the present time, and we expect the market will remain challenging in 2011. However, the pent-up demand for new residential construction in this country should create attractive opportunities over the medium-term.

Austria (3% of Group revenues)

Substantial earnings improvement in Austria

Housing starts in Austria declined by a slight 3% in 2010. We performed better than the market and, as a result of our cost cutting program, recorded a significant improvement in earnings. The focus on premium products was strengthened as planned and led to a further increase in the share of revenues generated by the high-quality Dryfix® system. For 2011 we expect a stable market environment, in which we will continue to focus on the sale of premium clay blocks and the launch of new products.

Slovakia (1% of Group revenues)

Stronger market position in Slovakia

Housing starts fell by 26% according to Euroconstruct, while intense competition and pressure on prices continued due to the new capacity placed on the market by competitors in 2009. A proactive pricing policy allowed Wienerberger to successfully regain market shares in this country as planned. Slightly lower volumes and a significant reduction in average prices led to revenue and earnings declines for 2010. Moderate recovery from a low level appears to be possible in 2011, but we assume competitive pressure will remain high because of the excess capacity in the building materials industry.

Finland and the Baltics (1% of Group revenues)

Margin improvement in Finland and lower earnings in Baltic States

Sales volumes of facing bricks in Finland rose slightly in 2010. This development reflected higher domestic sales that were driven by increased demand for building materials and a moderate decline in exports. The optimization measures implemented in recent years brought a substantial improvement in margins at our Finnish unit. In the Baltics, new residential construction remained weak throughout 2010 and continued along the downward spiral that has brought a drop of more than 60% since 2007. Standstill costs at the beginning of the year and low capacity utilization at our plants contributed to earnings declines in this region. For 2011 we are expecting slight recovery in new residential construction, both in Finland and the Baltic States. Earnings in these markets should improve as a result of higher volumes and the resulting better capacity utilization.

Southeast Europe (1% of Group revenues)

Focus on premium blocks in Southeast Europe

Wienerberger brick activities in Croatia, Slovenia, Serbia and Bosnia are combined in this region. Southeast Europe was also heavily affected by the economic crisis, with new residential construction falling by more than 40% since 2008. In addition, local competitive pressure rose significantly following the loss of a large share of exports to Romania. Wienerberger recorded lower volumes and, consequently, a decline in revenues and earnings. We intend to maintain our earnings-driven, quality-oriented strategy in this region and increase our focus on premium blocks in order to further improve earnings.

Russia (<1% of Group revenues)

Higher volumes and revenues in Russia

On Wienerberger's markets in the major population centers of Moscow and Kazan, new residential construction gained momentum after a weak start at the beginning of the year. Strong demand and higher production volumes at our plants led to a substantial increase in volumes and revenues in 2010. A slight improvement in new residential construction is forecasted for Russia in 2011. We plan to continue the expansion of our market positions in Moscow and Kazan, and also further improve the performance of these two facilities through optimization measures.

Bulgaria (<1% of Group revenues)

Earnings in Bulgaria on prior year level despite very weak market

The 60% slump in new residential construction during 2009 was followed by a further 30% drop in 2010. Strong sales efforts and a proactive pricing policy made it possible for Wienerberger to hold volumes nearly at the prior year level and expand its market position, above all versus imports, in this very difficult market. Lower average prices led to a decline in revenues, but earnings matched the previous year due to efficient cost management and better capacity utilization. Future developments are difficult to estimate, but we still see substantial medium-term opportunities in this country. However, new residential construction may decline further in 2011, above all because of the severely limited mortgage financing.

Semmelrock Concrete Pavers (7% of Group revenues)

Lower demand for concrete pavers, but higher volumes for Semmelrock

Our specialist for high-quality concrete pavers recorded moderate volume growth in 2010, despite market weakness in Central-East Europe. This development was supported by newly built capacity in Poland, Bulgaria and Romania that came on line in 2009 and was optimized in 2010 as well as new product trends and innovative system solutions that helped to strengthen the company's market positions. Despite a decline in average prices, revenues and earnings nearly matched the prior year level in 2010. Our outlook for 2011 is cautious because visibility on the East European markets, and thereby also on the Semmelrock markets, is very limited.

Bramac Concrete Roof Tiles (3% of Group revenues)

Revenue and earnings declines at Bramac

Bramac (50% stake, proportionate consolidation), which produces and markets concrete roof tiles primarily in Eastern Europe, was negatively affected by weak demand across the region. Volumes were substantially lower in 2010 and, consequently, triggered a drop in revenues and earnings. In January 2011 an agreement was reached with Monier to restructure the holdings in the roof segment. The Bramac stake was sold and, after the transaction is approved by the cartel authorities, the company will be deconsolidated.

Tondach Gleinstätten (consolidated at equity)

Revenues and earnings declines at Tondach Gleinstätten

Tondach Gleinstätten, a 25% investment that is consolidated at equity in the financial statements of the Wienerberger Group, recorded revenues and earnings decline in a difficult market environment. The investment in Tondach was increased by a further 25% through a stock swap and, after the approval of the transaction by the cartel authorities, will be consolidated on a proportionate basis and included in the operating results of this segment.

Interview with Johann Windisch, COO

Over the past two years you cut working capital by more than € 250 million as part of the action plan. Are you planning any further reductions?
Our goal was to reduce working capital to 25% of revenues, and we reached this level at the end of 2010. Most of our working capital represents inventories, and here I still see some additional opportunities for optimization – but to a substantially lesser extent than in the past two years.

In 2010 Wienerberger cut clay block prices in Central-East Europe by over 10%. Was that the start of a price war?
In no way! These price reductions were a strategic decision to strengthen and expand our market positions, above all versus other building materials – and we were very successful in this respect during 2010. We clearly outperformed the market in a still difficult environment that was weakened by a strong decline in the demand for building materials. With our proactive pricing policy, we created a strong base to benefit from a future recovery in this region.

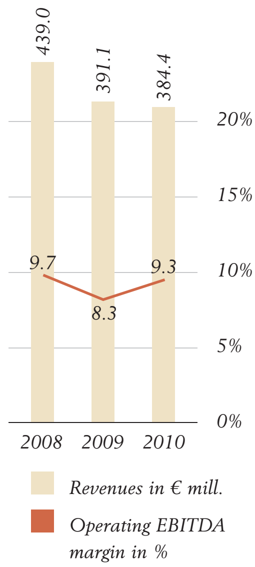
What challenges do you see in your areas for Wienerberger over the coming years?
I see the main challenge in further reducing the amount of energy we use and increasing the share of renewable energy in production. That is why we are not only working to improve our production processes, but also to develop new technologies that require less energy. Increasing the share of renewable energy is another important focus of our activities. For example, we built a solar park on the grounds of a closed plant in Germany that now generates approx. 4.1 million kWh of electricity – which represents approx. 950,000 liters of heating oil, 600,000 cubic meters of natural gas or 970,000 kilograms of stone coal – and led to a significant increase in the share of renewable energy used at our plants in Southern Germany. Our task for the coming years will be to implement projects of this type in all our production facilities, in order to reduce our dependency on fossil energy sources.

Central-West Europe

The Central-West Europe segment, which covers Germany, Italy and Switzerland, recorded a slight 2% decline in revenues to € 384.4 million for 2010. In Germany a weather-related weak start at the beginning of the year was followed by the first indications of recovery in new residential construction from a low level and a robust renovation market. Italy faced a further drop in the demand for building materials, while demand in Switzerland remained stable. These developments were reflected in a 4% decrease in clay block volumes, while roof tile volumes increased by 2%. Cost savings and slightly better capacity utilization supported a 10% improvement in operating EBITDA to € 35.6 million, despite pressure on prices in Germany and Italy. Central-West Europe generated 22% of revenues and 17% of operating EBITDA for the Wienerberger Group in 2010.

Central-West Europe		2009	2010	Chg. in %
Revenues	*in € mill.*	391.1	384.4	-2
Operating EBITDA [1]	*in € mill.*	32.3	35.6	+10
EBIT	*in € mill.*	-62.3	1.5	>100
CFROI [2]	*in %*	4.0	4.5	-
CVA [2][3]	*in € mill.*	-60.1	-54.4	+9
Total investments	*in € mill.*	13.2	19.8	+50
Capital employed	*in € mill.*	373.0	352.6	-5
Employees [4]		2,143	2,035	-5
Sales volumes clay blocks [5]	*in mill. NF*	1,450	1,392	-4
Sales volumes facing bricks	*in mill. WF*	147	124	-16
Sales volumes clay roof tiles [6]	*in mill. m²*	8.23	8.38	+2

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Calculation based on average historical capital employed
3) Hurdle rate = 11.5%
4) Average number of employees for the year
5) 2009 figures including floor blocks
6) Sales volumes of clay roof tiles include accessories



Germany (15% of Group revenues)

Slight improvement in German residential construction

New residential construction in Germany showed the first renewed signs of recovery in 2010, despite weather-based weakness at the beginning of the year and the early start of the next winter season. This development was supported by export-driven economic growth and a gradual improvement in consumer confidence. Exports from Germany to the neighboring Eastern European countries were virtually nonexistent due to the continuing low demand for building materials in this region which, in turn, increased competition on the German market and led to pressure on brick prices. In this market environment Wienerberger registered stable clay block volumes based on slightly lower average prices. Double-digit growth was recorded in sales volumes of filled bricks, which allow builders to meet low energy or passive energy house standards without additional exterior insulation. With the acquisition of the insolvent clay block producer Rimmele at the beginning of the year, we were able to optimally strengthen our market position in southern Germany.

Moderate volume increase in roof tiles

In the roof tile segment, Wienerberger recorded a slight volume increase against the backdrop of stable prices. This development was also supported by the renovation market, which has served as a key driver for sales of clay roof tiles (approx. 70% of German clay roof tile sales are attributable to this segment) supported by federal subsidies for thermal renovation.

Earnings at prior year level

Earnings in Germany reached the prior year level, despite lower average prices, due to improved capacity utilization and increased volumes of filled bricks.

Continuation of positive trend expected for Germany in 2011

For 2011 we expect a continuation of the modest recovery in new residential construction and renovation in Germany and are forecasting higher volumes and a better price level. We plan to strengthen our marketing and sales activities in order to further intensify our customer ties and reinforce our positioning as a system provider for walls and roofs. Additionally, we intend to launch our infill blocks – above all our newest product that is filled with mineral wool – throughout Germany. The market launch of our Dryfix® system, which we introduced at the German construction fair in January, is planned for the second half-year. Based on the success recorded with this innovative system solution in other countries, we assume we will be able to further increase the share of premium products in Germany.

Switzerland (5% of Group revenues)

Earnings improvement based on slight recovery in residential construction on Swiss market

Economic momentum concentrated in Geneva and Zurich led to slightly positive results for new residential construction in Switzerland during 2010. Sales volumes of clay blocks and roof tiles remained constant. The successful implementation of efficiency improvement measures in the production area was reflected in higher earnings for the reporting year. For 2011 we expect stability in single and two-family housing construction as well as positive impulses for our business from the launch of new products.

Italy (2% of Group revenues)

Further volume declines and price pressure in Italy

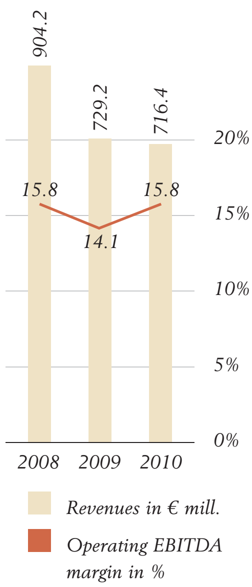
Italy experienced a further decline in housing starts during 2010. The expected impulses did not materialize from the "Piano Casa" program, which was introduced by the government in 2009 to stimulate residential construction by allowing the realization of smaller projects without permits. The over 40% contraction in the market since 2007 has led to structural overcapacity in the Italian brick industry, which is characterized by a large number of small- and mid-sized businesses. An added negative effect has been the recent expansion of capacity that resulted from construction of new plants started towards the end of the boom year 2007. These developments caused steady high pressure on prices as well as a substantial decline in margins for Wienerberger. We do not anticipate any improvement in the market situation during 2011, whereby northern Italy – in particular the major population centers – should be able to maintain a better position than the structurally weak south. Our goal is to improve earnings in Italy by increasing our focus on premium products (seismic bricks, filled bricks) and by expanding our sales activities.

North-West Europe

Wienerberger brick and roof tile activities in Belgium, the Netherlands, France, Great Britain and Scandinavia are combined under the North-West Europe segment. Revenues and earnings increased in France and Great Britain, while the Netherlands and Scandinavia reported declines as the result of weakness in new residential construction. Revenues in this region were 2% lower than the previous year at € 716.4 million, but operating EBITDA rose by 10% to € 113.1 million. North-West Europe generated 41% of Group revenues and 54% of operating EBITDA in 2010.

North-West Europe		2009	2010	Chg. in %
Revenues	*in € mill.*	729.2	716.4	-2
Operating EBITDA[1]	*in € mill.*	102.5	113.1	+10
EBIT	*in € mill.*	-41.1	44.6	>100
CFROI[2]	*in %*	5.5	6.1	-
CVA[2][3]	*in € mill.*	-111.2	-101.6	+9
Total investments	*in € mill.*	50.1	35.2	-30
Capital employed	*in € mill.*	1,131.4	1,106.8	-2
Employees[4]		4,076	4,032	-1
Sales volumes clay blocks	*in mill. NF*	937	972	+4
Sales volumes facing bricks	*in mill. WF*	1,146	1,135	-1
Sales volumes clay roof tiles[5]	*in mill. m²*	14.11	15.11	+7

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Calculation based on average historical capital employed
3) Hurdle rate = 11.5%
4) Average number of employees for the year
5) Sales volumes of clay roof tiles include accessories



Belgium (13% of Group revenues)

Sound margin improvement in Belgium

New residential construction in Belgium developed better than expected with a nearly stable number of housing starts in 2010. Similar results were recorded by the renovation market, which is a key driver for sales of roof tiles. The reduction in the value added tax on building materials expired at the end of March 2010, but had a positive influence on the demand for our products during the first half-year. Weakness was only noted beginning in the second six months. Wienerberger registered constant sales volumes of facing bricks and roof tiles in Belgium, with stable prices and revenues roughly matching the previous year. The completed optimization of the plant network and somewhat better capacity utilization supported a strong improvement in margins over 2009. The relatively high consumer confidence of the Belgians makes us more optimistic than Euroconstruct for 2011, and we expect stable to slightly positive development in single- and two-family housing construction.

Netherlands (10% of Group revenues)

Continued market decline in the Netherlands

Local statistics show a further 11% drop in housing completions to 56,000 units for 2010. In this difficult market environment Wienerberger was faced with substantial declines in facing brick volumes. Cost reduction programs in the public sector were reflected in lower volumes of clay pavers, since these products are used largely for infrastructure projects. The renovation market continued to weaken, although to a lesser extent than new residential construction, but

Wienerberger was able to rely on its strengths in the roof segment and recorded only a minor decline in volumes. Lower average prices that resulted, above all, from stock reduction at previously closed plants led to a drop in margins. We are optimistic concerning developments in the Netherlands during 2011 and expect stability on both the new residential construction and renovation markets.

France (8% of Group revenues)

Wienerberger gains market shares in French clay block segment

Single- and two-family housing construction in France showed sound development after a weather-related slow start in the first months of the year, with a 3% plus in housing starts for 2010. The increase in clay block volumes was stronger than the market because of a higher share of bricks in the wall construction segment. The start of operations at our new clay block plant in Durtal also had a favorable effect on our volumes, and allowed us to strengthen our market position in western France as part of our regional expansion strategy. We benefited from the sound development of renovation with a slight volume increase in the roof segment, but recorded further volume declines on sales of facing bricks. Higher capacity utilization supported a modest increase in margins over the previous year. We are expecting moderate growth in 2011 and plan to expand our market position in clay blocks by broadening our regional coverage.

Great Britain (8% of Group revenues)

Sound volume growth in Great Britain

New residential construction in Great Britain was characterized by strong momentum during the first three quarters but significant weakness towards year-end, above all due to the early and unusually severe winter weather. Our estimates show growth of 9% for the brick market in 2010. Wienerberger strengthened its positions and recorded a substantial increase in sales of facing bricks and roof tiles compared with the previous year. In spite of lower average prices that reflected a shift in the product mix to commodity bricks, earnings improved due to better capacity utilization in the Wienerberger plants. We remain cautious concerning developments in 2011 because we assume the measures approved by the government in autumn 2010 will now gradually start to take hold. We are looking toward stable development in new residential construction due to the expected slowdown in economic growth and are optimistic that we will be able to adjust prices to keep pace with cost inflation.

Scandinavia (2% of Group revenues)

Optimization measures take hold in Scandinavia

Denmark, Sweden and Norway reported further revenue declines as a result of the weakness in residential construction. The implemented optimization measures were successful and led to an increase in earnings. For 2011 we are forecasting a slight recovery of the Scandinavian market.

North America

The hoped-for recovery in US residential construction did not materialize during 2010. From the 700,000 housing starts initially forecasted by the NAHB (National Association of Home Builders), only 586,000 remained at year-end, which represents a slight increase of 6% over the record 2009 low. In this difficult market environment, North America nearly matched prior year results with revenues of € 144.5 million. This segment generated 8% of revenues and 2% of operating EBITDA for the Wienerberger Group in 2010.

Hoped-for recovery in new residential construction failed to materialize in 2010

Housing starts in the USA have fallen by roughly 70% since 2006. This development was met with extensive capacity adjustments and restructuring measures during 2008 and 2009. A major focal point in 2009 was the reduction of inventories, which resulted in severely limited production and historically low capacity utilization of 20% in our plants. The successful completion of this working capital project was followed by a return to normalized production levels in 2010, which raised capacity utilization to roughly 50% with steady inventory volumes. The substantial improvement in capacity utilization and cost savings from the restructuring measures turned the USA positive at the EBITDA level in 2010 and was also reflected in a significant year-on-year increase in earnings.

Break-even on EBITDA level due to significantly better capacity utilization

Our estimates remain cautious for 2011 due to the continuing limited visibility over further market and economic developments. The NAHB forecast for a 17% increase in housing starts to 688,000 units appears to be too optimistic. We are expecting stable development in new residential construction over the first six months and modest recovery during the second half of 2011.

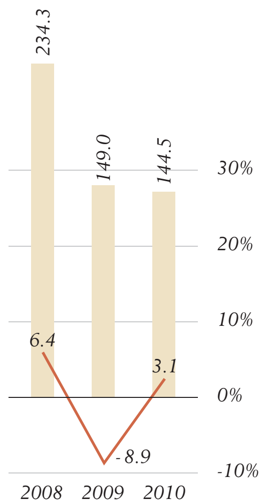
Limited visibility for 2011, moderate recovery in residential construction possible

Our goal for 2011 is to strengthen and expand our position as a complete supplier of premium facade products. In this connection we will also successively raise the share of merchandise in direct sales from the current level of roughly 40% to increase the coverage of fixed selling costs. We assume prices will remain stable and expect the implemented measures will lead to a further improvement in earnings during 2011. Our plant network in North America is cost-efficient, modern and has significant capacity reserves that should allow us to realize above-average benefits from a market recovery.

For 2011 clearly positive earnings expected

North America		2009	2010	Chg. in %
Revenues	in € mill.	149.0	144.5	-3
Operating EBITDA [1]	in € mill.	-13.3	4.5	>100
EBIT	in € mill.	-97.8	-22.2	+77
CFROI [2]	in %	-1.9	0.6	-
CVA [2][3]	in € mill.	-95.6	-76.5	+20
Total investment	in € mill.	8.8	7.8	-11
Capital employed	in € mill.	488.4	500.8	+3
Employees [4]		1,043	1,104	+6
Sales volumes facing bricks	in mill. WF	307	291	-5

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Calculation based on average historical capital employed
3) Hurdle rate = 11.5%
4) Average number of employees for the year



Investments and Other

Holding company costs, Indian brick activities and pipe systems investments in this segment

The Investments and Other segment comprises the corporate headquarters and related costs, the Wienerberger brick business in India, real estate and our pipe systems investments. The Pipelife Group (50/50 joint venture with Solvay), which is the third largest producer of plastic pipe systems in Europe, has been part of our portfolio for many years. This company is consolidated at equity and therefore not included in the operating results of this segment. With the acquisition of the Steinzeug Group, the largest producer of ceramic pipe systems in Europe, we expanded this area of business in October 2010. Group results do not include Steinzeug for 2010, but the company will be fully consolidated under this segment in 2011.

Pipelife, Europe's third-largest supplier of plastic pipes, is an important pillar for Wienerberger

In 2010 the Pipelife Group focused on restructuring, whereby the goals were to adjust capacity to reflect the market situation and to reduce fixed costs. The related measures included the permanent closing of plants in Croatia and Romania – with the continuation of sales and distribution from neighboring countries – as well as the exit from markets in Spain and Portugal. The Pipelife Group recorded a moderate increase in revenues to € 716 million for 2010, while operating EBITDA fell slightly to € 55 million. Costs from the restructuring program resulted in low positive profit after tax which, in turn, was reflected in a small positive contribution to net income from associates in 2010. For 2011 Pipelife is forecasting an increase in revenues as well as an improvement in margins based on the implemented measures. We believe Pipelife is well positioned after the conclusion of this restructuring program and intend to actively participate in this company's continued development.

Steinzeug Group, Europe's largest producer of ceramic pipe systems, is not yet included in Group results

The Steinzeug Group has specialized in the production of highly resistant ceramic sewage pipes that are used, above all, in sewerage projects and industrial facilities where aggressive waste water can arise. We see significant growth opportunities for this company over the mid-term because of the substantial need for renovation in waste water systems throughout Western Europe as well as the planned construction of a wide-ranging sewerage network in Eastern Europe that will be realized with extensive financing from the European Union.

Opening of new plant in India

The operating data for this segment includes the corporate headquarters, services charged by the holding company and holding company costs as well as our brick production in India. The new plant in India was completed and successfully placed on line. Since standard testing and optimization measures at the plant are currently in progress, the results from this project are still negative. Segment revenues rose by 8% to € 12.6 million, while operating EBITDA fell 31% to € -28.5 million in 2010. This segment also includes non-core real estate. The carrying amount of these assets increased from € 41 to 58 million during the reporting year through the transfer of assets after restructuring measures.

Negative results in this segment due to inclusion of holding company costs

Investments and Other		2009	2010	Chg. in %
Revenues	*in € mill.*	11.7	12.6	+8
Operating EBITDA[1)]	*in € mill.*	-21.7	-28.5	-31
EBIT	*in € mill.*	-27.1	-33.8	-25
Capital employed	*in € mill.*	36.3	82.3	>100
Employees[2)]		240	252	+5

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Average number of employees for the year

Contents

Income Statement

Notes		2010 *in TEUR*	2009 *in TEUR*
(9)	Revenues	1,744,752	1,816,884
(10-12, 16)	Cost of goods sold	-1,238,821	-1,305,879
	Gross profit	**505,931**	**511,005**
(10-12, 14, 16)	Selling expenses	-394,014	-387,140
(10-12, 14, 16)	Administrative expenses	-120,495	-123,229
(14)	Other operating expenses	-50,507	-41,178
(15)	Other operating income	69,752	59,518
	Profit/loss before restructuring costs and impairment charges to property, plant and equipment and goodwill	**10,667**	**18,976**
	Restructuring costs and impairment charges to property, plant and equipment	0	-153,694
(11)	Impairment charges to goodwill	0	-123,341
	Profit/loss after restructuring costs and impairment charges to property, plant and equipment and goodwill	**10,667**	**-258,059**
	Income from investments in associates	-4,269	6,065
(17)	Interest and similar income	14,065	20,893
(17)	Interest and similar expenses	-57,490	-58,684
(17)	Other financial results	-3,793	-5,794
	Financial results	**-51,487**	**-37,520**
	Profit/loss before tax	**-40,820**	**-295,579**
(18)	Income taxes	5,881	36,902
	Profit/loss after tax	**-34,939**	**-258,677**
	Thereof attributable to non-controlling interests	-466	-1,880
	Thereof attributable to hybrid capital holders	32,500	32,500
	Thereof attributable to equity holders	**-66,973**	**-289,297**
(19)	**Earnings per share (in EUR)**	**-0.57**	**-3.17**
(19)	**Diluted earnings per share (in EUR)**	**-0.57**	**-3.17**

Statement of Comprehensive Income

Notes		2010 *in TEUR*	2009 *in TEUR*
	Profit/loss after tax	**-34,939**	**-258,677**
(7, 25)	Foreign exchange adjustments	80,366	8,542
	Foreign exchange adjustments to investments in associates	3,251	714
(23, 25)	Changes in the fair value of available-for-sale financial instruments	-28	-143
(25)	Changes in hedging reserves	-25,507	8,333
	Other comprehensive income	**58,082**	**17,446**
	Total comprehensive income	**23,143**	**-241,231**
	Thereof comprehensive income attributable to non-controlling interests	-455	-2,036
	Thereof attributable to hybrid capital holders	32,500	32,500
	Thereof comprehensive income attributable to equity holders	**-8,902**	**-271,695**

Cash Flow Statement

Notes		2010 in TEUR	2009 in TEUR
	Profit/loss before tax	-40,820	-295,579
(11)	Depreciation and amortization	200,150	189,597
(11)	Impairment charges to goodwill	0	123,341
	Impairment of assets	85	102,632
	Write-ups of fixed and financial assets	-252	-130
	Increase/decrease in long-term provisions	-11,073	-44,363
	Income from investments in associates	4,269	-6,065
	Gain/loss from the disposal of fixed and financial assets	-11,005	-15,552
(17)	Interest result	43,425	37,791
	Interest paid	-43,776	-53,839
	Interest received	11,193	19,814
	Income taxes paid	-856	-5,161
	Gross cash flow	**151,340**	**52,486**
	Increase/decrease in inventories	5,452	174,906
	Increase/decrease in trade receivables	35,250	85,991
	Increase/decrease in trade payables	16,674	-30,671
	Increase/decrease in other net current assets	16,824	5,866
	Changes in non-cash items resulting from foreign exchange translation	4,898	2,279
	Cash flow from operating activities	**230,438**	**290,857**
	Proceeds from the sale of assets (including financial assets)	18,717	24,591
	Purchase of property, plant and equipment and intangible assets	-98,562	-129,684
	Payments made for investments in financial assets	-320	-1,355
	Increase/decrease in securities and other financial assets	-10,696	-3,199
	Net payments made for the acquisition of companies	-50,868	-3,109
	Net proceeds from the sale of companies	0	1,251
(20)	**Cash flow from investing activities**	**-141,729**	**-111,505**
	Increase/decrease long-term financial liabilities	-107,065	-118,910
	Increase/decrease short-term financial liabilities	49,822	-108,773
(25)	Dividends paid by Wienerberger AG	0	0
(25)	Hybrid coupon paid	-32,500	-32,500
	Dividends paid to and other changes in non-controlling interests	0	-225
	Dividend payments from associates	3,050	3,656
(25)	Capital increase Wienerberger AG	0	320,067
(35)	Cash inflows from excercise of stock options	0	0
(25)	Purchase of treasury stock	0	0
	Cash flow from financing activities	**-86,693**	**63,315**
	Change in cash and cash equivalents	**2,016**	**242,667**
	Effects of exchange rate fluctuations on cash held	1,775	110
	Cash and cash equivalents at the beginning of the year	449,612	206,835
	Cash and cash equivalents at the end of the year	**453,403**	**449,612**

Balance Sheet

Notes		31.12.2010 in TEUR	31.12.2009 in TEUR
	Assets		
(21)	Intangible assets and goodwill	676,304	641,109
(21)	Property, plant and equipment	1,872,214	1,905,437
(21)	Investment property	58,231	41,272
(21)	Investments in associates	114,909	118,977
(21)	Other financial assets	5,715	19,250
(28)	Deferred tax assets	32,246	37,636
	Non-current assets	**2,759,619**	**2,763,681**
(22)	Inventories	569,646	552,352
(23)	Trade receivables	87,366	110,312
(24)	Other current receivables	102,928	118,694
(23, 32)	Securities and other financial assets	86,304	92,766
	Cash and cash equivalents	453,403	449,612
	Current assets	**1,299,647**	**1,323,736**
	Total Assets	**4,059,266**	**4,087,417**
	Equity and Liabilities		
	Issued capital	117,527	117,527
	Share premium	1,085,605	1,115,896
	Hybrid capital	492,896	492,896
	Retained earnings	943,869	1,010,842
	Other reserves	-115,777	-173,848
	Treasury stock	-3,568	-40,697
	Controlling interests	**2,520,552**	**2,522,616**
	Non-controlling interests	5,123	24,416
(25)	**Equity**	**2,525,675**	**2,547,032**
(26, 27)	Employee-related provisions	73,001	61,795
(26, 28)	Deferred taxes	79,778	89,164
(26)	Other non-current provisions	68,507	66,307
(29, 31, 32)	Long-term financial liabilities	775,308	880,507
(29)	Other non-current liabilities	22,278	28,044
	Non-current provisions and liabilities	**1,018,872**	**1,125,817**
(26)	Other current provisions	63,245	59,876
(29, 31, 32)	Short-term financial liabilities	138,892	69,851
(29)	Trade payables	180,974	156,000
(29)	Other current liabilities	131,608	128,841
	Current provisions and liabilities	**514,719**	**414,568**
	Total Equity and Liabilities	**4,059,266**	**4,087,417**

Changes in Equity Statement

Notes	*in TEUR*	Issued capital	Share premium	Hybrid capital	Retained earnings
	Balance on 31.12.2008	**83,948**	**829,408**	**492,896**	**1,299,671**
	Profit/loss after tax				-256,797
(7, 25)	Foreign exchange adjustments				
	Foreign exchange adjustments to investments in associates				
	Changes in hedging reserves				
	Changes in other reserves				
(25)	Dividend payment/hybrid coupon				-32,500
	Capital increase/decrease	33,579	286,488		
	Increase/decrease in non-controlling interests				0
	Changes in treasury stock				0
	Expenses from stock option plans				468
	Balance on 31.12.2009	**117,527**	**1,115,896**	**492,896**	**1,010,842**
	Profit/loss after tax				-34,473
(7, 25)	Foreign exchange adjustments				
	Foreign exchange adjustments to investments in associates				
	Changes in hedging reserves				
	Changes in other reserves				
(25)	Dividend payment/hybrid coupon				-32,500
	Capital increase/decrease				0
	Increase/decrease in non-controlling interests		-5,232		
	Changes in treasury stock		-25,059		
	Expenses from stock option plans				0
	Balance on 31.12.2010	**117,527**	**1,085,605**	**492,896**	**943,869**

1) AfS (available-for-sale) financial instruments

Other Reserves						
AfS reserve [1)]	Hedging reserve	Translation reserve	Treasury stock	Controlling interests	Non-controlling interests	Total
-755	**70,004**	**-260,699**	**-40,697**	**2,473,776**	**23,415**	**2,497,191**
				-256,797	-1,880	-258,677
		8,698		8,698	-156	8,542
		714		714	0	714
	8,333			8,333	0	8,333
-143				-143	0	-143
				-32,500	-225	-32,725
				320,067	0	320,067
				0	3,262	3,262
				0	0	0
				468	0	468
-898	**78,337**	**-251,287**	**-40,697**	**2,522,616**	**24,416**	**2,547,032**
				-34,473	-466	-34,939
		80,355		80,355	11	80,366
		3,251		3,251	0	3,251
	-25,507			-25,507	0	-25,507
-28				-28	0	-28
				-32,500	0	-32,500
				0	0	0
				-5,232	-18,838	-24,070
			37,129	12,070	0	12,070
				0	0	0
-926	**52,830**	**-167,681**	**-3,568**	**2,520,552**	**5,123**	**2,525,675**

Table of Non-Current Assets

in TEUR	Acquisition or production costs Balance on 1.1.2010	Change in consolidation range	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 31.12.2010
Goodwill	**716,466**	15,152	21,001	0	0	0	**752,619**
Other intangible assets	**110,485**	8,843	4,248	1,695	1,607	-1,419	**122,245**
Intangible assets and goodwill	**826,951**	**23,995**	**25,249**	**1,695**	**1,607**	**-1,419**	**874,864**
Land and buildings	**1,221,021**	20,326	29,601	16,275	15,233	-38,884	**1,233,106**
Machinery and equipment	**2,321,279**	8,219	49,413	39,416	72,434	35,956	**2,381,849**
Fixtures, fittings, tools and equipment	**108,161**	1,385	1,806	6,955	9,096	7,081	**116,292**
Prepayments and assets under construction	**87,559**	17	2,743	34,163	54	-79,364	**45,064**
Property, plant and equipment	**3,738,020**	**29,947**	**83,563**	**96,809**	**96,817**	**-75,211**	**3,776,311**
Investment property	**66,551**	**331**	**1,933**	**58**	**3,055**	**76,630**	**142,448**
Investments in associates	**57,425**	**0**	**3,197**	**0**	**0**	**0**	**60,622**
Investments in subsidiaries	**872**	-52	1	7	0	0	**828**
Other investments	**18,947**	-13,705	31	313	515	0	**5,071**
Other financial assets	**19,819**	**-13,757**	**32**	**320**	**515**	**0**	**5,899**
	4,708,766	**40,516**	**113,974**	**98,882**	**101,994**	**0**	**4,860,144**

in TEUR	Acquisition or production costs Balance on 1.1.2009	Change in consolidation range	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 31.12.2009
Goodwill	**718,546**	-5,509	3,435	0	6	0	**716,466**
Other intangible assets	**105,673**	19	3,265	3,030	2,128	626	**110,485**
Intangible assets and goodwill	**824,219**	**-5,490**	**6,700**	**3,030**	**2,134**	**626**	**826,951**
Land and buildings	**1,155,114**	9,328	5,678	23,682	17,044	44,263	**1,221,021**
Machinery and equipment	**2,146,105**	-5,139	249	72,872	18,329	125,521	**2,321,279**
Fixtures, fittings, tools and equipment	**112,462**	640	-348	3,998	8,903	312	**108,161**
Prepayments and assets under construction	**260,321**	29	-4,826	26,032	733	-193,264	**87,559**
Property, plant and equipment	**3,674,002**	**4,858**	**753**	**126,584**	**45,009**	**-23,168**	**3,738,020**
Investment property	**45,919**	**0**	**522**	**70**	**2,502**	**22,542**	**66,551**
Investments in associates	**55,785**	**151**	**1,489**	**0**	**0**	**0**	**57,425**
Investments in subsidiaries	**831**	0	0	1,349	1,308	0	**872**
Other investments	**18,969**	0	-10	6	18	0	**18,947**
Other financial assets	**19,800**	**0**	**-10**	**1,355**	**1,326**	**0**	**19,819**
	4,619,725	**-481**	**9,454**	**131,039**	**50,971**	**0**	**4,708,766**

Note: Rounding differences may arise from the automatic processing of data.

Depreciation

Balance on 1.1.2010	Change in consolidation range	Foreign exchange incr./decr.	Depreciation	Impairments	Write-ups	Disposals	Transfers	Balance on 31.12.2010	Carrying amount 31.12.2010
140,679	0	5,091	0	0	0	0	0	**145,770**	**606,849**
45,163	0	857	8,635	0	70	1,326	-469	**52,790**	**69,455**
185,842	**0**	**5,948**	**8,635**	**0**	**70**	**1,326**	**-469**	**198,560**	**676,304**
435,480	0	4,763	34,220	3,117	3	11,810	-35,281	**430,486**	**802,620**
1,319,337	0	24,473	134,704	7,325	179	70,643	-27,175	**1,387,842**	**994,007**
77,694	0	1,225	9,732	0	0	8,495	5,499	**85,655**	**30,637**
72	0	-7	99	0	0	0	-50	**114**	**44,950**
1,832,583	**0**	**30,454**	**178,755**	**10,442**	**182**	**90,948**	**-57,007**	**1,904,097**	**1,872,214**
25,279	**0**	**655**	**2,318**	**0**	**0**	**1,511**	**57,476**	**84,217**	**58,231**
-61,552	**0**	**-54**	**0**	**0**	**-4,269**	**-3,050**	**0**	**-54,287**	**114,909**
91	0	0	0	85	0	0	0	**176**	**652**
478	0	27	0	0	0	497	0	**8**	**5,063**
569	**0**	**27**	**0**	**85**	**0**	**497**	**0**	**184**	**5,715**
1,982,721	**0**	**37,030**	**189,708**	**10,527**	**-4,017**	**91,232**	**0**	**2,132,771**	**2,727,373**

Depreciation

Balance on 1.1.2009	Change in consolidation range	Foreign exchange incr./decr.	Depreciation	Impairments	Write-ups	Disposals	Transfers	Balance on 31.12.2009	Carrying amount 31.12.2009
17,553	0	-215	0	123,341	0	0	0	**140,679**	**575,787**
37,215	0	320	9,214	0	0	1,391	-195	**45,163**	**65,322**
54,768	**0**	**105**	**9,214**	**123,341**	**0**	**1,391**	**-195**	**185,842**	**641,109**
355,397	-241	853	54,422	31,917	3	13,266	6,401	**435,480**	**785,541**
1,169,520	-78	227	112,802	69,203	126	15,205	-17,006	**1,319,337**	**1,001,942**
73,207	-4	-51	12,493	0	1	7,874	-76	**77,694**	**30,467**
0	0	0	130	0	0	56	-2	**72**	**87,487**
1,598,124	**-323**	**1,029**	**179,847**	**101,120**	**130**	**36,401**	**-10,683**	**1,832,583**	**1,905,437**
15,376	**0**	**221**	**536**	**0**	**0**	**1,732**	**10,878**	**25,279**	**41,272**
-59,894	**-24**	**775**	**0**	**0**	**6,065**	**-3,656**	**0**	**-61,552**	**118,977**
14	0	0	0	1,347	0	1,270	0	**91**	**781**
322	0	-9	0	165	0	0	0	**478**	**18,469**
336	**0**	**-9**	**0**	**1,512**	**0**	**1,270**	**0**	**569**	**19,250**
1,608,710	**-347**	**2,121**	**189,597**	**225,973**	**6,195**	**37,138**	**0**	**1,982,721**	**2,726,045**

Operating Segments

Operating segments	Central-East Europe		Central-West Europe		North-West Europe	
in TEUR	2010	2009	2010	2009	2010	2009
Third party revenues	529,244	579,445	365,199	373,221	702,720	713,352
Inter-company revenues	2,417	3,227	19,168	17,866	13,677	15,818
Total revenues	531,661	582,672	384,367	391,087	716,397	729,170
Operating EBITDA 1)	86,098	108,757	35,565	32,338	113,093	102,527
Depreciation and amortization	65,488	63,947	34,057	34,720	68,542	65,443
Restructuring costs and impairment charges to property, plant and equipment	0	62,533	0	30,503	0	44,535
Impairment charges to goodwill	0	12,054	0	29,433	0	33,663
EBIT	20,610	-29,777	1,508	-62,318	44,552	-41,114
Income from investments in associates	-3,761	-2,645	0	59	-678	-320
Investments in associates	23,697	27,723	1,882	1,882	1,165	1,438
Interest result	5,108	-4,254	-7,187	-10,078	-24,130	-31,493
Income taxes	-11,490	-3,006	2,902	-198	4,720	19,535
Profit/loss after tax	1,147	-43,891	-8,341	-77,300	33,633	-31,624
Liabilities	555,762	632,836	359,120	337,595	978,584	992,088
Capital employed	737,032	787,689	352,618	372,975	1,106,775	1,131,401
Assets	1,665,040	1,714,276	536,631	558,191	1,851,075	1,979,830
Maintenance capex	27,052	35,104	8,364	11,775	17,633	11,776
Growth capex 2)	22,042	20,523	11,390	1,457	17,615	38,301
Employees	4,425	5,174	2,035	2,143	4,032	4,076

Products	Revenues		Operating EBITDA 1)		Capital employed	
in TEUR	2010	2009	2010	2009	2010	2009
Wall 3)	624,652	617,155	78,235	98,113	1,001,476	1,018,021
Facade	487,478	546,512	43,316	30,877	920,214	970,441
Roof	440,551	455,221	92,764	77,978	558,525	571,800
Pavers	191,530	197,542	22,806	23,713	254,217	248,742
Other	541	454	-26,304	-22,108	45,111	7,780
Wienerberger Group	**1,744,752**	**1,816,884**	**210,817**	**208,573**	**2,779,543**	**2,816,784**

Revenues	Central-East Europe		Central-West Europe		North-West Europe	
in TEUR	2010	2009	2010	2009	2010	2009
Austria	90,666	96,638				
Czech Republic	66,810	78,952				
Hungary	43,116	55,664				
Poland	163,882	163,546				
Other Eastern Europe	164,785	184,675				
Germany			254,423	261,388		
Switzerland			72,761	64,788		
Italy			38,700	47,734		
Belgium					215,987	215,696
Netherlands					171,776	206,313
France					140,793	138,036
Great Britain					144,129	119,922
Scandinavia					30,201	33,576
North America						
Wienerberger Group	**529,259**	**579,475**	**365,884**	**373,910**	**702,886**	**713,543**

1) Before restructuring costs and impairment charges to property, plant and equipment and goodwill
2) Including investments in financial assets

North America		Investments and Other 3)		Reconciliation 4)		Wienerberger Group	
2010	2009	2010	2009	2010	2009	2010	2009
144,493	149,023	2,151	858	0	0	**1,743,807**	**1,815,899**
0	0	10,455	10,856	-44,772	-46,782	**945**	**985**
144,493	149,023	12,606	11,714	-44,772	-46,782	**1,744,752**	**1,816,884**
4,531	-13,340	-28,470	-21,709	0	0	**210,817**	**208,573**
26,724	22,043	5,339	3,444	0	0	**200,150**	**189,597**
0	14,233	0	1,890	0	0	**0**	**153,694**
0	48,191	0	0	0	0	**0**	**123,341**
-22,193	-97,807	-33,810	-27,043	0	0	**10,667**	**-258,059**
0	0	170	8,971	0	0	**-4,269**	**6,065**
0	0	88,165	87,934	0	0	**114,909**	**118,977**
-29,607	-26,664	12,391	34,698	0	0	**-43,425**	**-37,791**
9,195	19,116	554	1,455	0	0	**5,881**	**36,902**
-43,340	-106,986	92,616	33,619	-110,654	-32,495	**-34,939**	**-258,677**
573,265	535,039	1,040,561	1,042,283	-1,973,700	-1,999,456	**1,533,591**	**1,540,385**
500,814	488,426	82,305	36,293	0	0	**2,779,544**	**2,816,784**
536,735	538,877	4,123,406	4,052,973	-4,653,622	-4,756,730	**4,059,266**	**4,087,417**
7,813	3,269	827	755	0	0	**61,689**	**62,679**
0	5,541	37,014	5,647	0	0	**88,061**	**71,469**
1,104	1,043	252	240	0	0	**11,848**	**12,676**

Total investments	
2010	2009
54,431	74,999
20,876	23,281
10,385	8,829
26,930	26,282
37,128	757
149,750	**134,148**

North America		Investments and Other		Wienerberger Group	
2010	2009	2010	2009	2010	2009
		2,230	933	**92,896**	**97,571**
				66,810	**78,952**
				43,116	**55,664**
				163,882	**163,546**
				164,785	**184,675**
				254,423	**261,388**
				72,761	**64,788**
				38,700	**47,734**
				215,987	**215,696**
				171,776	**206,313**
				140,793	**138,036**
				144,129	**119,922**
				30,201	**33,576**
144,493	149,023			**144,493**	**149,023**
144,493	**149,023**	**2,230**	**933**	**1,744,752**	**1,816,884**

3) India is assigned to the operating segment Investments and Other, but is reported under the wall product segment.
4) The reconciliation comprises only the elimination of intra-group income and expense as well as accounts receivable and payable between Group companies.

Notes to the Financial Statements

General Information

1. Basis for preparation of the consolidated financial statements

Wienerberger AG, which is headquartered in Vienna, Austria, is the parent company of an international building materials Group whose business activities are classified into five segments according to the responsibilities of the Managing Board: Central-East Europe, Central-West Europe, North-West Europe, and North America as well as Investments and Other. The address of Wienerberger AG is Wienerbergstrasse 11, 1100 Vienna, Austria.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which were valid as of the balance sheet date and had been adopted by the European Union (EU). Wienerberger applied all International Financial Reporting Standards that were announced by the IASB and required mandatory application in 2010.

Independent auditors have examined the annual financial statements of all major Austrian and foreign companies to confirm their agreement with International Financial Reporting Standards. The financial statements of all consolidated companies were principally based on historical acquisition and production costs, and prepared as of the balance sheet date. An exception to this policy is the accounting treatment applied to certain financial instruments as defined in IAS 39, which are recorded at fair value. The amounts reported in the consolidated financial statements and notes are rounded to thousand euros, while some amounts in the risk report are rounded to hundred thousand euros. Certain items on the balance sheet and income statement are grouped together to simplify presentation. The notes provide detailed information on all such items.

2. Effects of new and revised standards

Wienerberger applied IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) (both July 1, 2009), which required mandatory application for the reporting year, in preparing the 2010 consolidated financial statements. The most important changes to IFRS 3 involve the introduction of an option that permits the measurement of non-controlling interests at fair value (full goodwill method), a prohibition on the capitalization of acquisition-related costs as transaction costs for acquisitions, the measurement of previously owned shares in business combinations achieved in stages and the prohibition of subsequent adjustments to goodwill on a post-combination adjustment of the purchase price. The initial application of IFRS 3 in 2010 did not have any material effect on the consolidated financial statements. The revised IAS 27 states that transactions with non-controlling interests may only be accounted for in equity. This change influenced the presentation of the acquisition of the non-controlling interest in the Semmelrock Group during 2010.

The new interpretations IFRIC 12 Service Concession Arrangements (March 30, 2009), IFRIC 15 Agreements for the Construction of Real Estate (January 1, 2010), IFRIC 17 Distributions of Non-cash Assets to Owners and IFRIC 18 Transfers of Assets from Customers (both November 1, 2009) had no effect on the consolidated financial statements. The changes to IFRS 2 concerning share-based payments settled in cash (January 1, 2010), IAS 39 and IFRS 7 concerning the effective date for reclassification (September 13, 2009) and IAS 39 concerning qualified hedging instruments (July 1, 2009) as well as the improvements to IFRS 2009 (January 1, 2010) also had no effect on the consolidated financial statements.

The new interpretation IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (July 1, 2010), the revised IAS 24 Related Party Disclosures (2009; January 1, 2011), the changes to IAS 32 concerning the classification of issued rights (February 1, 2010) and IFRIC 14 concerning voluntary payments in connection with minimum funding requirements (January 1, 2011) had been adopted by the EU as of the balance sheet date, but did not require mandatory application for the 2010 financial year. The changes included in the above interpretations and standards had no effect on the consolidated financial statements.

3. Consolidation range

An overview of fully or proportionately consolidated companies and companies valued at equity is provided in the List of Companies at the end of the notes. The subsidiaries, joint ventures and associates included in the consolidated financial statements of the Wienerberger Group changed as follows during the reporting year:

Consolidation range	Full consolidation	Proportionate consolidation	Equity consolidation
Balance on 31.12.2009	**112**	**15**	**6**
Change in consolidation method	2	0	0
Included during reporting year for the first time	6	0	0
Merged/liquidated during reporting year	-8	0	0
Divested during reporting year	0	0	0
Balance on 31.12.2010	**112**	**15**	**6**
Thereof foreign companies	93	12	4
Thereof domestic companies	19	3	2

Subsidiaries

In addition to Wienerberger AG, the 2010 financial statements include 19 (2009: 20) Austrian and 93 (2009: 92) foreign subsidiaries in which Wienerberger AG is able to directly or indirectly govern financial and operating policies through the majority of voting rights. The investments in subsidiaries are fully consolidated as of the date control is obtained and deconsolidated when control ceases to exist. Twenty subsidiaries were not consolidated in 2010 (2009: 22) because their influence on the financial position and financial performance of the Group is immaterial.

Joint ventures

Joint ventures under common control are included in the consolidated financial statements on a proportionate basis. This applies to 15 (2009: 15) companies in the Schlagmann and Bramac Group.

The following tables show the pro rata values for the joint ventures included in the financial statements at their proportional share:

in TEUR	2010	2009
Revenues	81,366	90,734
Operating EBITDA	12,046	16,186
EBIT	5,690	9,767
Profit after tax	-744	3,468

Assets in TEUR	31.12.2010	31.12.2009	**Equity and Liabilities** in TEUR	31.12.2010	31.12.2009
Non-current assets	69,692	73,939	Equity	48,164	51,210
Current assets	36,643	35,182	Non-current provisions and liabilities	17,115	16,993
			Current provisions and liabilities	41,056	40,918
	106,335	**109,121**		**106,335**	**109,121**

Investments in associates

Six (2009: 6) holdings over which Wienerberger exercises significant influence are included in the consolidated financial statements at equity. The following table shows the proportional values for companies valued at equity (above all, the Pipelife Group and the Tondach Gleinstätten Group):

in TEUR	2010	2009
Revenues	407,695	414,233
Operating EBITDA	36,768	45,508
EBIT	7,615	24,586
Profit after tax	-4,269	6,065

Assets in TEUR	31.12.2010	31.12.2009	**Equity and Liabilities** in TEUR	31.12.2010	31.12.2009
Non-current assets	172,368	173,316	Equity	110,017	113,517
Current assets	134,089	139,969	Non-current provisions and liabilities	66,653	62,370
			Current provisions and liabilities	129,787	137,398
	306,457	**313,285**		**306,457**	**313,285**

Pipelife is an independent corporate group with autonomous management, and the possibilities for Wienerberger to influence management decisions are limited. In spite of the 50% stake held, this company is not considered to be under joint control but only subject to significant influence. The Pipelife Group is therefore carried at equity in accordance with IAS 28.

4. Acquisitions and disposals

The following companies were consolidated for the first time in 2010:

Name of Company	Based in	Issued capital	Currency	Share in %
Briqueterie de Rouffach SAS	Rouffach	336,120	EUR	100.00%
Steinzeug Group				
Steinzeug Abwassersysteme GmbH	Frechen	18,408,000	EUR	100.00%
Keramo Steinzeug NV	Hasselt	9,400,000	EUR	100.00%
Keramo-Wienerberger Immo NV	Hasselt	14,068,558	EUR	100.00%
Limburgs Transportbedrijf BVBA	Hasselt	18,900	EUR	100.00%
SOCIETA DEL GRES s.p.a	Sorisole	2,000,000	EUR	100.00%

Briqueterie de Rouffach SAS in France, which was acquired at the end of December 2009, was initially consolidated as of January 1, 2010. On October 11, 2010 Wienerberger signed an agreement to acquire Steinzeug Abwassersysteme GmbH from ANC Vermögensverwaltung GmbH, a subsidiary of the ANC foundation. The Steinzeug Group was included in the consolidation range as of December 31, 2010 following the approval of the antitrust authorities at the end of the year. The Steinzeug Group is an international producer of clay pipes, molded components, accessories and shaft systems with two plants in Germany and one plant in Belgium.

Wienerberger acquired the remaining 25% stake in the Semmelrock Group, a concrete paver producer, at the end of November 2010.

The net cash outflows for business combinations are shown in the following table. This data is derived from the opening balance sheets of the acquired companies and the purchase price for the acquisition of non-controlling interests:

in TEUR	Carrying amount	Adjustments	Total
Goodwill	2,925	12,227	15,152
Non-current assets	6,126	21,313	27,439
Current assets	49,856	-31,753	18,103
Non-current provisions and liabilities	10,925	6,034	16,959
Current provisions and liabilities	57,249	-30,514	26,735
Net assets	-9,267	26,267	17,000
Addition to/disposal of non-controlling interests			12,000
Net debt			21,868
Net payments made for the acquisition of companies			**50,868**

Acquisitions made during the reporting year increased revenues by TEUR 1,176 (2009: TEUR 14,503) and operating EBITDA by TEUR 994 (2009: TEUR 2,190) during the period from January 1, 2010 to December 31, 2010.

The consolidated financial statements do not include VVT Vermögensverwaltung GmbH, which was sold as of September 30, 2009. The comparative financial period from January 1, 2009 to December 31, 2009 did not include Semmelrock Ebenseer GmbH & Co KG, Lusit KG or Lusit GmbH, which resulted from the merger of paver activities in Austria as of May 1, 2009. The effects of the above-mentioned changes in the consolidation range on the 2010 income statement and balance sheet are as follows (from/as of the date of initial consolidation or deconsolidation):

in TEUR	**2010**
Revenues	7,645
Operating EBITDA	-2,450
EBIT	-3,402

Assets *in TEUR*	**31.12.2010**	**Liabilities** *in TEUR*	**31.12.2010**
Non-current assets	42,591	Non-current provisions and liabilities	16,959
Current assets	1,103	Current provisions and liabilities	26,735
	43,694		**43,694**

5. Basis of consolidation

The acquisition method of accounting is applied to all companies included through full or proportionate consolidation. Under this method, the acquisition value of the investment is compared with the revalued net assets (shareholders' equity) on the date of purchase. All identifiable assets, liabilities and contingent liabilities are initially recognized at fair value in accordance with IFRS 3; any remaining positive difference between the purchase price and revalued equity is recognized in local currency as goodwill in the relevant segment. Goodwill and the cash-generating unit to which it is allocated are tested for impairment at least once each year and reduced to the lower applicable fair value in the event of impairment. Impairment tests are also performed more frequently if there are indications of a lasting decline in value of a cash-generating unit (see note 8, Significant accounting policies).

For associates consolidated at equity, the same basic methodology applied to subsidiaries and joint ventures is used to consolidate shareholders' equity. Local valuation methods are retained if the variances are immaterial.

All revenues, income and expenses as well as receivables and liabilities arising between companies consolidated at 100% or their proportionate share are eliminated. Discounts and other unilaterial transactions affecting profit and loss are eliminated, and the related deferred taxes are recognized. Inter-company gains and losses on the sale of goods or services between Group companies that affect current or non-current assets are eliminated unless they are immaterial.

A put option granted to the sellers in connection with a business combination that allows for the transfer of the remaining non-controlling interest in a Group company to Wienerberger is recognized at fair value and recorded as a liability. The non-controlling interest in Sandtoft Ltd., which was acquired in 2008, is reported under non-current financial liabilities.

6. Operating segments

The Wienerberger Group manages its business based on geographic criteria and, in accordance with the internal reporting structure, has designated the following regions as strategic operating segments: Central-East Europe, Central-West Europe, North-West Europe, North America as well as the Investment and Other segment. This last segment includes the corporate headquarters and investments as well as the Wienerberger business in India and pipe activities. The definition of business segments and the presentation of segment results are based on the management approach prescribed in IFRS 8, and follow internal reports to the Managing Board of Wienerberger AG as the chief operating decision maker who decides on the allocation of resources to the individual segments.

Reports to the responsible chief operating decision maker include operating EBITDA as the key indicator for the management of the business segments as well as revenues, EBIT, financial results and profit after tax. Accordingly, these indicators are also presented in the segment report. The allocation of revenues, operating EBITDA, EBIT, financial results, income taxes, profit after tax, assets, liabilities, capital employed and capital expenditure is based on the headquarters of the individual companies.

The reconciliation of segment results to Group results only includes the elimination of revenues, income and expenses as well as receivables and liabilities arising between the operating segments. Wienerberger does not generate more than 10% of revenues with any single external customer.

7. Foreign exchange translation

The accounts of foreign companies are translated into the euro based on the functional currency method. The relevant local currency is the functional currency in all cases since these companies operate independently from a financial, economic, and organizational standpoint. All balance sheet positions, with the exception of equity, are translated at the closing rate at the end of the reporting year (i.e. December 31, 2010). Goodwill is recorded as an asset in local currency and is also translated at the closing rate on the balance sheet date for the financial statements. Expense and revenue items are translated at the average exchange rate for the year.

Unrealized currency translation differences arising from non-current Group loans are offset against the translation reserve without recognition to profit or loss. Currency translation differences arising from the use of the closing rate on the balance sheet and the average exchange rate on the income statement are also recognized directly in equity.

Foreign currency swaps are used to limit the translation risk arising from the Group's brick activities in the USA, Switzerland, Great Britain and individual East European countries. These transactions involve the conclusion of a foreign currency-euro swap equal to the value of the foreign currency assets to be hedged.

Currency translation differences – including the translation differences related to non-controlling interests – of TEUR 83,617 were recorded under equity in 2010 as other comprehensive income without recognition to profit or loss (2009: TEUR 9,256). A total of TEUR -25,507 related to hedges was recognized in equity through changes in other comprehensive income.

The major exchange rates used for foreign currency translation developed as follows during the reporting year:

in EUR	Closing rate on 31.12.2010	Closing rate on 31.12.2009	Average rate for the year 2010	Average rate for the year 2009
100 British Pound	116.17775	112.59993	116.55545	112.21089
100 Bulgarian Lev	51.12997	51.12997	51.12996	51.12997
100 Danish Krone	13.41652	13.43761	13.42773	13.42956
100 Canadian Dollar	75.06380	66.10259	73.22379	63.07543
100 Croatian Kuna	13.54463	13.69863	13.71912	13.62381
100 Norwegian Krone	12.82051	12.04819	12.49151	11.45238
100 Polish Zloty	25.15723	24.36350	25.03070	23.11103
100 Romanian Lei	23.46316	23.60550	23.74026	23.59003
100 Russian Ruble	2.44978	2.31728	2.48298	2.26621
100 Swedish Krone	11.15387	9.75419	10.48215	9.41617
100 Swiss Franc	79.97441	67.40361	72.42478	66.22861
100 Czech Koruna	3.99026	3.77743	3.95435	3.78263
100 Hungarian Forint	0.35978	0.36980	0.36303	0.35679
100 US Dollar	74.83910	69.41552	75.40567	71.69639

8. Significant accounting policies

The consolidated financial statements were prepared in accordance with the following accounting policies:

Realization of revenue: Revenue arising from the provision of goods or services is realized when all major risks and opportunities arising from the delivered objects have been transferred to the buyer.

Intangible assets: Identifiable intangible assets purchased by the Group are recorded at acquisition cost less amortization and any necessary impairment charges.

Property, plant and equipment: Property, plant and equipment are recorded at acquisition cost less straight-line depreciation or usage-based depletion (clay pits). The recognition of internally generated plant or equipment includes an appropriate component of material and production overheads, but excludes general administrative and selling expenses. In accordance with IAS 23, borrowing costs incurred during the production of qualified assets are capitalized as part of acquisition cost and depreciated over the applicable useful life.

Depreciation is based on the useful economic lives of the various assets (component approach) as shown in the following table:

Production plants (incl. warehouse)	25 years	Kilns and dryers (facing bricks)	10 – 20 years
Administrative buildings	40 – 50 years	Other machinery	5 – 15 years
Residential buildings	40 – 50 years	Fittings, furniture and office equipment	3 – 10 years
Kilns and dryers (clay blocks and roof tiles)	8 – 15 years	Other intangible assets	3 – 10 years

Repairs that do not increase the presumed useful life of assets are expensed as incurred. In accordance with IFRS 5, scheduled depreciation is discontinued when assets are classified as held for sale.

When plant or equipment is shut down, sold or retired, the gain or loss arising from the difference between the proceeds on sale and the remaining carrying amount is recorded under other operating income or expenses if the transaction reflects similar annually recurring events.

In accordance with IAS 17 Leases, leased fixed assets that represent purchases with long-term financing (finance leases) are recorded at the price that would have been paid if the asset had been purchased. Depreciation is calculated over the lesser of the useful life of the asset or the term of the lease.

Goodwill: In accordance with IFRS 3, goodwill arising through a business combination is allocated to cash-generating units and not reduced through scheduled amortization, but tested at least once each year for indications of impairment.

Impairment of goodwill and assets: The Wienerberger Group aggregates plants into cash-generating units based on the country in which they are located. In accordance with IAS 36, these cash-generating units – together with other assets – are tested for impairment on a regular basis or additionally when there are indications of a lasting decline in value. These tests are performed at least once each year in the cash-generating unit. They involve comparing the carrying amount of the goodwill and assets allocated to the unit with the sum of the present values (discounted at the average weighted cost of capital after tax – WACC) of expected future cash flows to be derived from the asset (value in use) and, if necessary, reducing the carrying amount to the value in use or to a possible sale price or liquidation value. An after-tax WACC of 6.69% (2009: 7.05%) was last determined for the Wienerberger Group, whereby risk-adjusted interest rates were derived from external sources based on recognized financial methods.

The expected future cash flows are based on the latest internal forecasts, which were recently prepared for the following four years (2011-2014).

The quality of these forecasts is evaluated on a regular basis through a variance analysis that compares the data with actual figures, and the results of the analysis are incorporated into the subsequent planning process. The calculation reflects detailed planning for the period from 2011 to 2014, whereby the future cash inflows in later planning periods are assumed to be realizable over the long-term based on the going concern principle and form the basis for determining a perpetual yield. Wienerberger tests its assets for impairment at least once each year after the conclusion of the corporate planning process. If interim forecasts or analyses show a possible negative variance from the original plan, the involved cash-generating unit is tested again for impairment. In such cases, the impairment tests are recalculated on the basis of updated planning data and expanded to include stress tests.

The decisive factor for determining the value in use is formed by assumptions for the future development of the local market and sales volumes. Therefore, the value in use is determined on the basis of forecasts published by statistical agencies (e.g. Euroconstruct) and values from past experience, which are coordinated with economic researchers in the various regional markets. Estimates for cost structures in the Wienerberger Group reflect the extrapolation of values from past experience. The carrying amount of a fixed asset that was previously written down is increased to the recoverable amount if the reasons for impairment cease to exist or a possible use is found for the item. In accordance with IFRS 36 and IFRIC 10, previously recognized impairment losses to goodwill are not reversed.

Investment property is carried at depreciated cost.

Investments in associates and other companies: Investments in associates are carried at equity, unless these investments are immaterial. Investments in other companies are recognized at cost, and are only written down to reflect impairment. Impairment losses and write-ups are included under financial results.

Inventories: Inventories are carried at the lower of cost or net realizable value, whereby valuation is based on the moving average method. Cost includes direct expenses as well as allocated overhead and depreciation based on normal capacity usage (between 85 and 100% of capacity). Interest charges as well as selling and administrative expenses are not included in the production cost of current assets. Risks resulting from the length of storage or other impairments in value are reflected through appropriate write-downs.

Emission certificates: In accordance with IAS 20 and IAS 38, Wienerberger uses the acquisition cost of zero to record the emission certificates allocated free of charge based on EU Emission Trading Directive 2003/87/EC. If actual emissions exceed the free certificates, the additional certificates required are recognized at their market price on the balance sheet date. Purchased certificates are recorded at their market price on the balance sheet date.

Financial instruments: A financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. IAS 39 distinguishes between the category of loans and receivables, financial instruments held to maturity, financial instruments available for sale and financial instruments at fair value through profit or loss which, in turn, are classified further into financial assets/liabilities held for trading and financial instruments designated as at fair value through profit or loss upon initial recognition.

Cash transactions relating to financial assets are recognized as of the settlement date. A financial asset is derecognized when the contractual rights to receive any related cash flows expire.

Loans and receivables are carried at cost, whereby recognizable individual risks are reflected in appropriate valuation adjustments. Non-interest bearing receivables with a remaining term in excess of one year are recorded at their discounted present value. Foreign exchange receivables in individual company accounts are translated at the exchange rate on the balance sheet date.

Wienerberger has no ***held-to-maturity financial instruments***.

Financial instruments held for trading are measured at fair value, with any gains and losses resulting from changes in fair value recognized to profit or loss. Wienerberger holds no primary financial instruments for trading purposes.

Wienerberger has not elected to use the option provided by IAS 39, which permits the initial recognition of financial assets at fair value through profit or loss. Therefore, the primary financial instruments held by the Group that are not classified as liquid funds and cash equivalents or loans and receivables are recognized as ***available-for-sale financial instruments***. These assets are measured at fair value, and any gains and losses resulting from changes in fair value are recorded under equity without recognition to profit or loss up to the date of derecognition. An exception to this procedure is formed by impairment losses that are recognized to reflect significant and lasting impairment. The fair value of listed securities is based on the relevant market prices, whereby non-quoted financial assets are carried at cost less any changes in market value. When a financial instrument is derecognized, all gains and losses accumulated in equity are immediately recognized to profit or loss.

Cash and cash equivalents include cash on hand, checks received and demand deposits with financial institutions.

Provisions: The provisions for severance payments – primarily for employees of the Austrian companies – are calculated according to actuarial principles based on a retirement age of 65 (men) and 60 (women), using a discount rate of 4.8% (2009: 5.3%). The projected unit credit method is used for this calculation.

The Wienerberger Group has both defined contribution and defined benefit pension plans. Defined contribution plans carry no further obligation after the payment of premiums. Under defined benefit plans, the employee is promised a certain retirement benefit. The risk related to the actual retirement benefit is carried by the company up to the point of payment. The provisions for defined benefit pension plans are calculated according to the projected unit credit method. The valuation of pension commitments includes future wage/salary increases as well as increases in defined benefit commitments. These calculations are based on a discount rate that lies between 4.0% and 6.0% (2009: 4.0% – 7.0%), an expected increase of 2.0% – 5.0% in income (2009: 2.0% – 5.0%), an expected increase of 2.0% – 8.0% in pensions (2009: 2.0% – 3.0%), average employee turnover of 2.0% – 4.0% (2009: 2.0% – 4.0%) and an expected return of 4.0% – 8.0% on plan assets (2009: 6.0% – 8.0%). The provisions for pensions are calculated by actuaries.

Commitments by US companies to cover medical costs for retired employees are recorded under provisions for pensions because of their pension-like character.

The provisions for pensions are netted out with the pension plan assets that are held to cover commitments. The market values of fund assets that exceed pension obligations are shown under other current receivables.

Significant actuarial gains and losses are not recognized to income in the year they arise, but are amortized over the remaining service time of active employees in accordance with the corridor method.

In accordance with IAS 16, a provision for site restoration is created when a clay pit is purchased. The underlying assumptions for these obligations are generally based on the regulations applicable in the countries where the Group is active. The provisions for site restoration on clay pits purchased before 2005 are based on depletion and reflect the transition rule to IAS 16. Other liabilities whose due dates or amounts are uncertain are recorded as liabilities in accordance with IAS 37.

Deferred taxes: In accordance with IAS 12, the provision for deferred taxes includes all temporary valuation and accounting differences arising between the financial statements prepared for tax purposes and the IFRS financial statements. The provision for deferred taxes is calculated using the tax rate expected to be in effect when these differences reverse in the future, and is based on the local tax rate of the relevant Group company. Future changes in tax rates are included if the relevant legal amendment has been enacted as of the balance sheet date.

Liabilities: Liabilities are stated at the actual amount received, less transaction costs. Any premium, discount or other difference between the amount received and the repayment amount is distributed over the term of the liability according to the effective interest rate method and recorded under financial results. Therefore, the measurement of these items reflects amortized cost. Foreign currency liabilities are translated at the exchange rate in effect on the balance sheet date. Wienerberger has not elected to use the option provided by IAS 39, which permits the initial recognition of a financial liability at fair value through profit or loss.

Government grants: Wienerberger records government grants at their fair value under liabilities, and reports their release during the relevant accounting period under other income.

Hedges: Wienerberger applies the IAS 39 rules for hedges to transactions that serve as hedges for translation risk as well as the transaction risk associated with future cash flows. A cash flow hedge is defined as an instrument that provides protection against fluctuations in the future cash flows attributable to recognized assets or liabilities. Changes in the market value of an effective hedge are recognized directly in equity (hedging reserve), while the non-effective components are recognized to profit or loss and shown under financial results. The accounting treatment applied to a hedge of a net investment in a foreign operation is similar: changes in the effective portion of the hedge are charged or credited to the hedging reserve, while the gain or loss on the foreign currency translation of the hedged instrument is recorded under equity and included under other comprehensive income. The accounting treatment applied to fair value hedges differs in that the change in the value of the derivative used as a hedging instrument and any gain or loss on the hedged item attributable to the hedged risk are recognized to profit or loss.

Derivative financial instruments are concluded only to hedge the risks arising from business operations. Interest rate and foreign exchange swaps as well as foreign exchange contracts are recorded at cost when the contract is concluded, and measured at fair value in subsequent periods. The fair value of quoted securities is based on the actual market price. The fair value of non-quoted interest instruments is based on the discounted value of future payments, and is calculated using a current market interest rate. Derivative financial instruments that are not included in a hedge are classified as held for trading in accordance with IAS 39. For derivative financial instruments included in a hedge, only the derivatives that are not part of an effective hedge (ineffective portion) are valued through profit or loss; the relevant amounts are reported under financial results.

Earnings per share: The calculation of earnings per share is based on Group profit after tax less non-controlling interests and the planned component of earnings attributable to hybrid bondholders, divided by the weighted number of shares outstanding (less treasury shares). Wienerberger managers were granted option rights based on the terminated stock option plan, and these rights generally have a diluting effect on earnings per share.

Estimates: In preparing the consolidated financial statements, management must estimate certain figures and make assumptions that influence the recognition and measurement of assets and liabilities, the disclosure of other obligations as of the balance sheet date, and the recognition of revenues and expenses during the reporting period. The actual figures that become known at a later date may differ from these estimates.

The valuation of pension plans and severance claims by actuaries include assumptions concerning the expected discount rate, increase in salaries and pensions, employee turnover rates and the development of the costs for medical care. Determining the useful life of property, plant and equipment involves the use of estimates that are derived from the operation of comparable equipment. The provisions for site restoration are based on the best possible estimate of the expected costs to restore clay pits as well as a long-term discount rate. In assessing whether deferred taxes will actually be realized, management also makes estimates concerning the utilization of deferred tax assets.

In particular, the impairment testing of goodwill and other assets involves estimates and forward-looking assumptions by management concerning the expected cash surpluses and the cost of capital for the Wienerberger Group and its cash-generating units during the planning period. The estimates made during the preparation of these consolidated financial statements reflect the best knowledge and belief of management in accordance with the going concern principle. They are based on experience and incorporate the remaining uncertainty in an appropriate form.

Transfer prices: The regional exchange of goods and services between the individual strategic segments is immaterial. Prices for the sale of goods between Group companies are established at arm's length based on the resale price method. Prices for the provision of services between Group companies are established at arm's length based on the cost-plus method.

Notes to the Income Statement

9. Revenues

Consolidated revenues fell by 4% to TEUR 1,744,752 in 2010. An adjustment for changes in the consolidation range and currency translation effects results in an organic decline of 7% (2009: -23%). In Central-East Europe, where the effects of the economic crisis were also felt during the reporting year, the long winter and flooding in April and May led to a decline on most markets. North-West Europe reported a top line growth in Great Britain and France whereby revenues dropped in the Netherlands. In Central-West Europe the development of revenues differed by country: Italy recorded a further decline, while revenues remained stable in Germany and improved in Switzerland. Revenues in North America remained below the prior year. Group revenues were increased by foreign exchange effects of TEUR 41,294, above all due to positive effects from the Polish zloty, Swiss franc and US dollar. Detailed information on revenues by region is provided in the presentation of operating segments on pages 108 and 109.

10. Material expenses

The cost of goods sold, selling and administrative expenses include expenses for materials, maintenance, merchandise and energy totaling:

in TEUR	2010	2009
Cost of materials	251,684	220,721
Maintenance expenses	89,442	88,216
Cost of merchandise	135,635	124,527
Cost of energy	268,477	259,269
Total	**745,238**	**692,733**

The reported expenses were increased by TEUR 10,569 (2009: TEUR 137,773) from the capitalization of TEUR 7,371(2009: TEUR 8,599) from own work and a proportional share of borrowing costs related to the construction of qualified plant and equipment as well as a reduction of TEUR 17,940 (2009: TEUR -146,372) in work in process and finished goods inventories.

The cost of materials includes expenses for clay, sand, sawdust and other additives, pallets and other packaging materials. Maintenance expenses involve the use of maintenance materials, other low-value spare parts and third party services.

11. Depreciation, amortization and impairment of assets and goodwill

Production, selling and administrative expenses and other operating expenses for the reporting year include TEUR 189,708 (2009: TEUR 189,597) of scheduled depreciation and amortization. Impairment charges amounted to TEUR 10,442 in 2010 (2009: TEUR 32,290).

Impairment testing in accordance with IAS 36 did not indicate a need for any impairment charges to goodwill in 2010 (2009: TEUR 123,341).

in TEUR	2010	2009
Depreciation of property, plant and equipment and amortization of intangible assets	**189,708**	**189,597**
Impairment charges to goodwill	0	123,341
Asset write-downs	10,442	32,290
Impairment charges from restructuring	0	68,830
Impairment charges	**10,442**	**224,461**
Depreciation, amortization and impairment charges to goodwill, other intangible assets and property, plant and equipment	**200,150**	**414,058**

In accordance with IFRS 3, goodwill is not amortized on a regular basis but tested at least once each year together with the assets defined in IAS 36 for indications of impairment. Wienerberger defines plants as cash-generating units; these plants are aggregated by country and, in larger countries, further differentiated on the basis of regional criteria. This process led to the definition of roughly 50 cash-generating units in the Wienerberger Group for the reporting year.

Impairment tests carried out in December 2010 based on the latest mid-term planning data for 2011-2014 did not result in any impairment charges. An after-tax WACC of 6.69% (2009: 7.05%) was used for the Wienerberger Group in the impairment tests, whereby different regional WACC rates were again applied to the United States (6.13%; 2009: 6.43%), Great Britain (5.46%; 2009: 6.66%) and Russia (11.12%; 2009: 10.80%) and, for the first time, also to India (11.01%). The assumptions for the growth rates generally remained constant at 1%, but higher rates of up to 5% were once more applied to the growth markets of Russia and India.

A change in individual macroeconomic parameters as part of a sensitivity analysis indicated a possibility for an impairment charge of approx. MEUR 16. This change in parameters would involve an increase of 100 basis points in the risk-free interest rate underlying the cost of capital and a reduction of one-half in the growth rates on all Wienerberger markets.

12. Personnel expenses

The cost of goods sold, selling and administrative expenses include the following personnel expenses:

in TEUR	2010	2009
Wages	186,365	186,483
Salaries	175,287	174,930
Leased personnel (permanently)	12,080	7,940
Expenses for stock option plans	0	468
Expenses for severance payments	6,889	3,239
Expenses for pensions	7,317	10,992
Expenses for mandatory social security and payroll-related taxes and contributions	89,670	92,947
Other employee benefits	11,729	10,969
Personnel expenses	**489,337**	**487,968**

The remuneration for the members of the Managing Board totaled TEUR 1,592 in 2010 (2009: TEUR 2,723). Of this amount, TEUR 1,592 represents fixed components and TEUR 0 variable components. For the active members of the Managing Board, pension expenses in the form of contributions to pension funds (defined contribution plans) and the service costs for defined benefit plans totaled TEUR 644 (2009: TEUR 650). Payments of TEUR 776 (2009: TEUR 3,321) were made to former members of the Managing Board or their surviving dependents.

The members of the Supervisory Board received remuneration of TEUR 170 in 2010 for their activities during the 2009 financial year (2009: TEUR 215). Detailed information on these payments is provided in the remuneration report on page 32.

The company has not provided any guarantees for loans, and no companies in the Wienerberger Group have granted loans to the members of the Managing Board or Supervisory Board.

The members of the Managing Board and Supervisory Board are listed on pages 26 and 22. The investments in Wienerberger shares by the members of the Managing Board and Supervisory Board are listed on page 33. Detailed information on compensation paid to the members of the Managing Board and Supervisory Board is provided in the remuneration report on pages 30 to 33.

13. Employees

The average number of employees in 2010 and 2009 is shown in the following table:

	2010		2009	
	Total	**Thereof joint ventures**	**Total**	**Thereof joint ventures**
Production	7,906	325	8,430	409
Administration	1,004	59	1,222	66
Sales	2,938	201	3,024	170
Total	**11,848**	**585**	**12,676**	**645**
Thereof apprentices	44	1	70	1

The total number of employees in the Wienerberger Group was not affected by changes in the consolidation range. Employees of companies included at their proportional share are reflected in this calculation in proportion to the holdings in these companies.

14. Other operating expenses

The cost of goods sold, selling and administrative expenses include the following other operating expenses:

in TEUR	2010	2009
Non-income based taxes	23,620	24,311
Loss on the disposal of fixed assets, excluding financial assets	1,872	2,095
Transportation costs for customer deliveries	107,577	101,471
Internal transport	46,748	45,949
Environmental protection measures	6,854	5,554
Uncollectible receivables	2,418	3,762
Services	90,493	83,566
Rental and leasing charges	37,837	38,255
Miscellaneous	55,061	54,455
Other operating expenses	**372,480**	**359,418**

A reconciliation of expenses under the total cost method to expenses under the cost of sales method is provided on page 126.

The cost of services is comprised primarily of expenses for business trips and travel, legal advising and consulting, advertising, insurance and telecommunications. Expenses for the auditor and members of the auditor's network totaled TEUR 1,253 (2009: TEUR 1,504) for the audit of the consolidated financial statements in 2010 and TEUR 125 (2009: TEUR 976) for other services.

Miscellaneous other expenses consist mainly of commissions, patent and trademark rights, business entertainment, customer claims and research and development. Research and development expenses at Wienerberger also include the costs for product development, process technology, the improvement of environmental standards and laboratory activities. The development costs for successful research programs are generally capitalized under the related asset category. In 2010 research expenses amounted to TEUR 1,821 (2009: TEUR 2,085).

15. Other operating income

in TEUR	2010	2009
Income from the disposal and write-up of tangible assets, excluding financial assets	13,059	17,777
Income from rental and leasing contracts	3,727	4,321
Subsidies	3,572	3,049
Insurance compensation	8,285	734
Miscellaneous	55,046	43,700
Other operating income	**83,689**	**69,581**

Miscellaneous other operating income represents sales-like revenues that are not part of the direct business activities of the Wienerberger Group.

16. Reconciliation of results according to the cost of sales and total cost method

In the income statement prepared according to the cost of sales method, expenses are classified by functional area. Under the total cost method, the amounts for each individual category of expenses are shown and then adjusted to reflect the increase or decrease in finished and semi-finished goods in order to present the expenses related to the actual volume of goods sold. The relationship of these two methods is explained below, whereby changes in inventories and the capitalization of costs relating to the construction of qualified fixed assets are included under the cost of materials:

in TEUR	**Cost of freight**	**Cost of materials**	**Cost of merchandise**	**Depreciation**	**Cost of energy**	**Personnel expenses**	**Other income**	**Other expenses**	**Total**
Cost of goods sold	0	335,775	135,027	157,140	259,818	278,353	-11,132	83,840	**1,238,821**
Selling expenses	107,930	15,920	608	7,394	4,656	138,840	-2,219	120,885	**394,014**
Administrative expenses	0	0	0	10,226	855	72,144	-586	37,856	**120,495**
Other operating expenses	0	0	0	25,390	3,148	0	0	21,969	**50,507**
Other operating income	0	0	0	0	0	0	-69,752	0	**-69,752**
	107,930	**351,695**	**135,635**	**200,150**	**268,477**	**489,337**	**-83,689**	**264,550**	**1,734,085**

17. Interest and other financial results

In accordance with the categories defined by IAS 39, interest and other financial results are comprised of the following items:

2010 *in TEUR*	**Total**	**Loans and receivables**	**FLAC** [1]	**AfS** [2]	**Derivatives**
Interest and similar income	14,065	8,653	0	1,415	3,997
Interest and similar expense	-57,490	0	-55,049	0	-2,441
Interest result	**-43,425**	**8,653**	**-55,049**	**1,415**	**1,556**
Income from third parties (dividends)	131	0	0	131	0
Income from subsidiaries	0				
Income from subsidiaries	**131**	**0**	**0**	**131**	**0**
Gains on the disposal of available-for-sale (AfS) financial instruments	152	0	0	152	0
Valuation of fair value hedges	-612	0	0	0	-612
Impairment of financial instruments	-104	0	0	-104	0
Valuation of financial instruments held for trading	444	0	0	0	444
Foreign exchange differences	-533				
Net result	**-653**	**0**	**0**	**48**	**-168**
Banking fees	-3,119				
Miscellaneous	-152				
Other financial results	**-3,793**	**0**	**0**	**179**	**-168**
Total	**-47,218**	**8,653**	**-55,049**	**1,594**	**1,388**

1) Financial liabilities at amortized cost
2) Available-for-sale financial instruments

2009 *in TEUR*	**Total**	**Loans and receivables**	**FLAC [1)]**	**AfS [2)]**	**Derivatives**
Interest and similar income	20,893	12,014	0	74	8,805
Interest and similar expense	-58,684	0	-54,826	0	-3,858
Interest result	**-37,791**	**12,014**	**-54,826**	**74**	**4,947**
Income from third parties (dividends)	73	0	0	73	0
Income from subsidiaries	33				
Income from subsidiaries	**106**	**0**	**0**	**73**	**0**
Gains on the disposal of available-for-sale (AfS) financial instruments	234	0	0	234	0
Valuation of fair value hedges	0	0	0	0	0
Impairment of financial instruments	-1,361	0	0	-1,361	0
Valuation of financial instruments held for trading	-1,192	0	0	0	-1,192
Foreign exchange differences	-148				
Net result	**-2,467**	**0**	**0**	**-1,127**	**-1,192**
Banking fees	-3,807				
Miscellaneous	374				
Other financial results	**-5,794**	**0**	**0**	**-1,054**	**-1,192**
Total	**-43,585**	**12,014**	**-54,826**	**-980**	**3,755**

1) Financial liabilities at amortized cost
2) Available-for-sale financial instruments

Losses of TEUR 28 on available-for-sale financial assets were recognized directly in equity during the reporting year (2009: TEUR 143), and are shown separately on the statement of comprehensive income. The sale of securities generated income of TEUR 152 (2009: TEUR 234). Available-for-sale financial instruments also include losses of TEUR 104 (2009: TEUR 1,361) that were recognized to profit or loss and resulted from lasting impairment. The market valuation of the fair value hedges contributed TEUR -612 to net profit (2009: TEUR 0). The market valuation of financial instruments held for trading resulted from the measurement of a derivative liability in connection with the purchase of the remaining 25% stake in the Semmelrock Group.

Bank fees include current expenses as well as the allocation of capitalized transaction costs for the conclusion of loans (above all, bank charges) over the term of the financing. The reversal of discounts is included under interest result.

18. Income taxes

This item includes income taxes paid and owed by Group companies as well as provisions for deferred taxes.

in TEUR	**2010**	**2009**
Current tax expense	3,763	3,626
Deferred tax expense	-9,644	-40,528
Income taxes	**-5,881**	**-36,902**

The effective tax rate for 2010 was 14.4% (2009: 12.5%). This rate is a weighted average of the effective local income tax rates of all companies included in the consolidation.

The difference between the applicable Austrian corporate tax rate of 25% (2009: 25%) and the Group tax rate shown in these statements is due to the following factors:

in TEUR	2010	2009
Profit/loss before tax	**-40,820**	**-295,579**
Tax expense at tax rate of 25%	10,205	73,895
Other foreign tax rates	7,111	20,696
Tax income and expense from prior periods	6,407	-826
Effect of tax free income from investments in associates	-1,073	1,505
Valuation allowance for deferred tax assets and change in valuation allowances for deferred tax assets as well as tax loss carryforwards	-35,054	-21,364
Non-temporary differences	21,039	-38,740
Changes in tax rates	-2,754	1,736
Effective tax expense	**5,881**	**36,902**
Effective tax rate in %	14.4	12.5

The change in non-temporary differences resulted primarily from the impairment charges recognized to goodwill during 2009. Tax effects were not calculated on the other components of comprehensive income that are presented after tax, e.g. for the fair value measurement of available-for-sale financial instruments and changes resulting from hedges. These transactions only involve Wienerberger AG and Wienerberger Finanzservice GmbH, which are headquartered in Vienna, and presently have an effective tax rate of 0% due to tax loss carryforwards from prior periods.

19. Earnings per share, recommendation for the distribution of profit/loss

The number of issued shares totaled 117,526,764 as of December 31, 2010. The number of shares held as treasury stock equaled 113,603 as of this same date (2009: 1,113,603). The calculation of earnings per share in 2010 was based on a weighted average of 116,528,229 shares outstanding, and reflects the deduction of treasury shares.

Number of shares	2010	2009
Outstanding	117,526,764	117,526,764
Treasury stock	113,603	1,113,603
Weighted average	116,528,229	91,297,853

In accordance with the definition provided in IAS 33, the options granted in 2006, 2007 and 2008 did not have a diluting effect on earnings per share in 2010.

Earnings per share of EUR -0.57 were calculated by dividing the after-tax profit of the parent company by the weighted average number of shares outstanding. Diluted earnings per share of EUR -0.57 represent basic earnings per share for 2010.

In accordance with the provisions of the Austrian Stock Corporation Act, the financial statements of Wienerberger AG as of December 31, 2010 form the basis for the dividend payment. These financial statements show net profit of EUR 13,016,072. The Managing Board recommends the Annual General Meeting approve a dividend payment of EUR 0.10 per share, for a total payment of EUR 11,752,676.40 on issued capital of EUR 117,526,764, less a proportional amount of EUR 11,360.30 for treasury stock, or a total distribution of EUR 11,741,316.10 from retained earnings of EUR 13,016,072. The Managing Board also recommends that the Annual General Meeting approve the carryforward of the remaining EUR 1,274,755.90.

Notes to the Statement of Comprehensive Income

The statement of comprehensive income provides a reconciliation of profit after tax to comprehensive income as defined in IAS 1, which also includes other components of income that are recognized directly in equity. These items are comprised above all of foreign exchange adjustments, changes to the hedging reserve recorded under equity and the results of the valuation of available-for-sale securities. The components of comprehensive income are presented after tax (see note 18, Income taxes).

Positive currency translation differences of TEUR 83,617 in 2010 (2009: TEUR 9,256) were generated primarily by the US dollar, Canadian dollar, Swiss franc and a number of East European currencies. The market valuation of hedges of net investments in foreign operations and cash flow hedges reduced the hedging reserves by a total of TEUR 25,507 after tax. This decline reflected the expiration of the US dollar hedge as well as a strong increase in the value of the Swiss franc.

Expenses of TEUR 861 were recognized to the income statement in 2010 for gas futures (cash flow hedges) that matured during the reporting year. Changes in the market value of these futures were previously recorded directly in equity.

As a consequence of the TEUR 34,939 after-tax loss recorded for 2010 (2009: TEUR -258,677), total comprehensive income after tax results in an increase of TEUR 23,143 in equity for the reporting year (2009: TEUR -241,231).

Notes to the Cash Flow Statement

The cash flow statement for the Wienerberger Group shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the reporting year. Cash and cash equivalents (liquid funds) include cash on hand and deposits with banks. Securities and current liabilities owed to financial institutions are not part of cash and cash equivalents. The effects of company acquisitions and disposals are eliminated and shown separately under net payments made for the acquisition of companies. Data from foreign Group companies are generally translated at the average exchange rate for the year. In contrast to this practice, cash and cash equivalents are valued at the exchange rate in effect on the balance sheet date.

20. Cash flow from investing activities

The acquisition of property, plant and equipment and intangible assets resulted in an outflow of funds totaling TEUR 98,562 (2009: TEUR 129,684). This amount includes TEUR 61,689 for maintenance, replacement, rationalization and environmental protection investments (maintenance capex) as well as TEUR 36,873 for the construction of new plants or the expansion or revitalization of existing facilities (growth investments). Investments of TEUR 320 (2009: TEUR 1,355) were made in financial assets.

Cash inflows from the disposal of fixed and financial assets amounted to TEUR 18,717 (2009: TEUR 24,591). These disposals generated gains of TEUR 11,005 (2009: TEUR 15,552).

Net payments for the acquisition of companies totaled:

in TEUR	2010	2009
Payments made for companies acquired	38,868	1,456
Acquisition of non-controlling interests	12,000	1,653
Net payments made for the acquisition of companies	**50,868**	**3,109**

Net payments of TEUR 50,868 (2009: TEUR 3,109) for the acquisition of companies include the purchase price for the proportional share of equity as well as any debt assumed in connection with the transaction (debt-free company). No companies were sold during the reporting year (2009: net cash inflows of TEUR 1,251).

The reconciliation of total investments to maintenance capex and growth investments made by the Wienerberger Group is as follows:

in TEUR	2010	2009
Payments made for investments in tangible and intangible assets	98,562	129,684
Net payments made for the acquisition of companies	50,868	3,109
Investments in financial assets	320	1,355
Total investments including financial assets	**149,750**	**134,148**
Maintenance, replacement, rationalization and environmental investments	61,689	62,679
Maintenance capex	**61,689**	**62,679**
Payments made for new plant construction and renovation	36,873	67,005
Net payments made for the acquisition of companies	50,868	3,109
Growth investments	**87,741**	**70,114**
Investments in financial assets	320	1,355
Growth investments including financial assets	**88,061**	**71,469**

Notes to the Balance Sheet

21. Non-current assets

The development of non-current assets is shown on pages 106 and 107. The effects of changes in the consolidation range are shown in a separate column. The figures shown for foreign exchange rate increases and decreases represent amounts arising from the use of different exchange rates to translate the assets of foreign companies at the beginning of the year and year-end.

Goodwill is distributed among the individual segments of business as follows:

in TEUR	**2010**	**2009**
Central-East Europe	63,891	63,447
Central-West Europe	55,764	55,841
North-West Europe	304,384	298,043
North America	170,110	157,227
Investments and Other	12,700	1,229
Goodwill	**606,849**	**575,787**

The goodwill in the North-West Europe segment resulted primarily from the acquisition of brick activities in Great Britain (TEUR 55,608) and the clay roof tile producer Sandtoft (TEUR 26,363) as well as the roof tile business in Belgium, the Netherlands and France (total: TEUR 200,363). In North America goodwill arose from the purchase of General Shale in the USA (TEUR 158,257) and Arriscraft in Canada (TEUR 11,853). The increase in goodwill in the Investments and Other segment resulted primarily from the acquisition of the Steinzeug Group.

Miscellaneous non-current intangible assets are comprised primarily of acquired trademark rights, patents and concessions.

Non-current assets include land with a value of TEUR 363,009 (2009: TEUR 333,547). No assets qualified for the capitalization of interest or foreign currency differences (2009: TEUR 2,349).

In addition to operating leases, the Wienerberger Group also uses ***finance leases*** to a limited extent. Property, plant and equipment include the following assets obtained through finance leases:

in TEUR	**2010**	**2009**
Acquisition costs	15,095	37,791
Depreciation (accumulated)	3,931	5,409
Carrying amount	11,164	32,382

Obligations arising from operating leases, license agreements and rental contracts for the use of property, plant and equipment not shown on the balance sheet represent liabilities of:

in TEUR	**2010**	**2009**
For the following year	16,220	14,652
For the next two to five years	44,076	51,079
Over five years	17,010	19,144

Payments arising from operating leases, license and rental agreements totaled TEUR 37,837 for the reporting year (2009: TEUR 38,255).

The balance sheet item investment property includes real estate and buildings with a carrying amount of TEUR 58,231 (2009: TEUR 41,272), which are not used in current business operations. These assets are scheduled for sale over the middle to long-term, and are therefore classified as ***investment property***. Based on comparable transactions, the fair value of these assets is estimated at TEUR 84,033 (2009: TEUR 59,357). This property generated rental and other income of TEUR 444 in 2010 (2009: TEUR 513). In 2010 Wienerberger sold investment property with a carrying amount of TEUR 1,544. Of the total non-current assets, equipment with a combined carrying amount of TEUR 7,723 and a fair value of TEUR 10,245 are designated for sale; the majority of these items represent land and buildings at plant locations that have been permanently closed. However, management does not expect to conclude a sale within the next 12 months because of the generally unfavorable situation on the industrial property market. Therefore, these assets were not classified as ***non-current assets held for sale and discontinued operations*** in accordance with IFRS 5.

22. Inventories

in TEUR	2010	2009
Raw materials and consumables	86,219	80,760
Semi-finished goods	76,668	79,654
Finished goods and merchandise	404,764	389,656
Prepayments	1,995	2,282
Inventories	**569,646**	**552,352**

Palettes are included under raw materials and consumables. Clay purchased from third parties is shown together with clay extracted from Group pits under semi-finished goods. Impairment losses of TEUR 10,285 (2009: TEUR 12,434) were recognized to products in cases where the net realizable value (selling price less selling and administrative expenses) was less than the acquisition or production cost. Inventories written down to net realizable value totaled TEUR 33,746 (2009: TEUR 47,894) as of December 31, 2010.

23. Receivables, securities and other financial assets

Loans and receivables

	2010			2009		
in TEUR	Total	Remaining term <1 year	Remaining term >1 year	Total	Remaining term <1 year	Remaining term >1 year
Trade receivables from third party	86,580	83,866	2,714	109,693	108,577	1,116
Trade receivables from subsidiaries	786	786	0	619	619	0
Trade receivables	**87,366**	**84,652**	**2,714**	**110,312**	**109,196**	**1,116**
Financial receivables from subsidiaries	21,967	21,967	0	21,645	21,645	0
Receivables arising from loans	4,931	4,608	323	12,188	7,143	5,045
Loans granted	**26,898**	**26,575**	**323**	**33,833**	**28,788**	**5,045**
Loans and receivables	**114,264**	**111,227**	**3,037**	**144,145**	**137,984**	**6,161**

Loans and receivables are carried at amortized cost, which is adjusted to reflect any necessary individual valuation adjustments. Any necessary individual valuation adjustments to receivables and other assets are deducted directly from the carrying amount. In 2010 individual valuation adjustments totaled TEUR 2,418 (2009: TEUR 3,762). Individual valuation adjustments to receivables during the reporting year equaled 2.1% of trade receivables and originated loans as well as less than 2% of total receivables, and are therefore not shown separately. Sold receivables (factoring) are derecognized as required by IAS 39. The receivables due from Group companies result primarily from loans granted. Trade receivables totaling TEUR 4,645 (2009: TEUR 9,542) are secured by notes payable.

Available-for-sale financial instruments

	2010				2009			
	Carrying amount	Market value	Market value changes recog. to equity	Ø Effective interest rate	Carrying amount	Market value	Market value changes recog. to equity	Ø Effective interest rate
	in TEUR	*in TEUR*	*in TEUR*	*in %*	*in TEUR*	*in TEUR*	*in TEUR*	*in %*
Shares in funds	5,448	5,448	-356	0.63	3,813	3,813	-122	1.10
Corporate bonds	20,988	20,988	328	6.78	2,062	2,062	-21	5.65
Stock	6,452	6,452	0	-	6,452	6,452	0	-
Other	1,780	1,780	0	-	475	475	0	-
Available-for-sale financial instruments	**34,668**	**34,668**	**-28**		**12,802**	**12,802**	**-143**	

In addition to the available-for-sale financial instruments included under securities and other financial assets, other non-current financial assets include TEUR 5,715 (2009: TEUR 19,250) that are also assigned to this category. The resulting total of available-for-sale financial instruments is TEUR 40,383 (2009: TEUR 32,052).

Financial instruments held for trading

	2010		2009	
	Carrying amount	Market value	Carrying amount	Market value
	in TEUR	*in TEUR*	*in TEUR*	*in TEUR*
Derivatives from cash flow hedges	24,183	24,183	44,500	44,500
Derivatives from fair value hedges	0	0	0	0
Other derivatives	555	555	1,631	1,631
Derivatives with positive market value	**24,738**	**24,738**	**46,131**	**46,131**

The carrying amounts of securities and other financial assets totaled TEUR 86,304 (2009: TEUR 92,766). This amount includes TEUR 26,898 (2009: TEUR 33,833) of loans granted, TEUR 34,668 (2009: TEUR 12,802) of available-for-sale financial instruments and TEUR 24,738 (2009: TEUR 46,131) of derivatives with a positive market value.

24. Other receivables, prepaid expenses and deferred charges

	2010			2009		
in TEUR	**Total**	**Remaining term <1 year**	**Remaining term >1 year**	**Total**	**Remaining term <1 year**	**Remaining term >1 year**
Market value of plan assets in excess of pension obligations	5,906	5,906	0	5,300	5,300	0
Prepaid expenses and deferred charges	12,250	12,250	0	12,461	12,461	0
Miscellaneous receivables	84,772	81,566	3,206	100,933	83,446	17,487
Other current receivables, prepaid expenses and deferred charges	**102,928**	**99,722**	**3,206**	**118,694**	**101,207**	**17,487**

Miscellaneous receivables consist primarily of receivables due from taxation authorities and social security carriers.

25. Capital and reserves

The development of capital and reserves in 2010 and 2009 is shown on pages 104 and 105.

Efficient capital structure management represents a key goal for Wienerberger, whereby the composition of the capital structure is closely linked with the capital-intensive nature of the brick and roof tile business. A special focus is placed on the maintenance and expansion of a strong equity base. Our targets for specific financial indicators are defined, above all, by the covenants in the financing agreements we have concluded with banks. Net debt/operating EBITDA must be less than 3.5 years, and equaled 1.8 as of December 31, 2010. Additionally, EBITDA interest cover (operating EBITDA/interest result) must exceed 3.75 beginning in 2011.

The 140th Annual General Meeting of Wienerberger AG (May 14, 2009) approved the creation of authorized capital at an amount equal to 50% of current share capital. This approval covers an ordinary capital increase in exchange for contributions in cash or in kind within a period of five years, contingent upon the consent of the Supervisory Board. Share capital can be increased by a maximum of EUR 41,973,844 or 50% of share capital through the issue of up to 41,973,844 new bearer or registered shares. This increase can also be carried out in multiple segments. The type of shares, the issue price and the issue conditions are to be determined by the Managing Board and approved by the Supervisory Board. The legal subscription rights of shareholders are given, but the Managing Board was authorized to exclude these subscription rights in two special cases with the approval of the Supervisory Board: first, for contributions in kind for the granting of shares to acquire companies, segments of companies or investments in companies; and second, for multiple allotments in connection with the placement of new shares by the company (greenshoe).

The Annual General Meeting on May 14, 2009 also authorized the Managing Board to issue convertible bonds in one or more segments with the approval of the Supervisory Board. These bonds are to include subscription or exchange rights or subscription or exchange obligations for up to 41,973,844 shares or 50% of the company's share capital. The shares can be drawn from conditional capital and/or from treasury shares. The issue price and terms are to be determined by the Managing Board with the approval of the Supervisory Board. This authorization is valid up to May 13, 2014. It also authorizes the Managing Board, contingent upon the approval of the Supervisory Board, to exclude the legal subscription rights of shareholders. The Managing Board was also authorized to carry out a conditional capital increase for the issue of new shares to the holders of the convertible bonds. Share capital can be increased by a maximum of EUR 41,973,844 by the issue of up to 41,973,844 new bearer or registered shares. Share capital may only be increased to the extent that the holders of the convertible bonds utilize their subscription or exchange rights to shares in the company and in accordance with a decision by the Managing Board to service the exercise of these rights with new shares. The exercise of subscription or exchange rights by the holders of the convertible bonds may also be serviced by treasury shares.

The number of new shares issued in connection with the above-mentioned capital measures may not exceed 41,973,844 (50% of share capital in 2009). Authorized capital totaled EUR 8,394,769 (7% of share capital in 2010) after the capital increase of 33,579,075 shares in 2009; this authorized capital may be increased through the issue of up to 8,394,769 new bearer or registered shares.

The 140th Annual General Meeting, which was held on May 14, 2009, also authorized the Managing Board, contingent upon the approval of the Supervisory Board, to issue participation rights in one or more segments with a total nominal value of up to EUR 200,000,000 through the issue of up to 200,000 participation certificates and to determine the terms of issue. This authorization is valid up to May 13, 2014.

The 141st Annual General Meeting of Wienerberger AG on May 20, 2010 authorized the Managing Board to repurchase up to 10% of share capital within a period of 30 months at a maximum price equal to twice the stock market quotation on May 20, 2010.

Group equity totaled TEUR 2,525,675 as of December 31, 2010, compared to TEUR 2,547,032 in the prior year. The changes in equity resulted above all from a reduction in retained earnings due to the loss recorded for the reporting year and the payment of the hybrid coupon as well as a decrease in the share premium following the recognition of the difference from the acquisition of the remaining 25% stake in the Semmelrock Group. The purchase price for this stake was paid in part with the transfer of one million Wienerberger shares from the treasury shares held by Wienerberger AG, whereby the difference between the purchase price and the transfer price for these shares was recorded under the share premium.

The share capital of Wienerberger AG totaled EUR 117,526,764 as of December 31, 2010 and is divided into 117,526,764 zero par value shares that all carry the same rights. All shares are fully paid in.

On February 9, 2010 Wienerberger AG paid the TEUR 32,500 coupon for the hybrid bond that was issued on February 9, 2007 and is reported as hybrid capital in the balance sheet. This hybrid bond is subordinated to all other creditors, and is a perpetual bond with a volume of TEUR 500,000 and a coupon of 6.5%, which can also be suspended if the dividend is postponed. After ten years Wienerberger AG may call the hybrid bond or extend the term at a variable interest rate (EURIBOR +325 bps). This instrument meets the criteria defined by IAS 32 for classification as equity, and the coupons are shown as part of the use of earnings on the changes in equity statement. In accordance with IAS 32, this data is presented after tax. Wienerberger AG has an effective tax rate of 0% due to loss carryforwards from prior periods, and the distribution after tax therefore equals TEUR 32,500. In 2010 the coupon interest reduced earnings per share by EUR 0.28.

Retained earnings of TEUR 943,869 (2009: TEUR 1,010,842) include the retained earnings of Wienerberger AG and the retained earnings of subsidiaries not eliminated during the capital consolidation. Group results for 2010, excluding the share of profit due to non-controlling interests, are shown under retained earnings.

The translation reserve includes all differences from foreign currency translation that are recognized directly in equity, whereby the differences from associates are shown separately. The hedging reserve includes changes in the value of hedges that are reported under other comprehensive income. These instruments comprise hedges of net investments in foreign operations (net investment hedges) as well as hedges for foreign currency transactions (cash flow hedges).

Change of control clauses are included in the employment contracts with the members of the Managing Board, in the terms of the 2005 and 2010 corporate bonds, in the 2007 hybrid bond and in the syndicated term loans and other loans concluded in 2005, 2006 and 2008.

Free float is distributed among Austrian and international investors (also see page 67), with the US firm Dodge & Cox Inc. holding more than 10% of the company's shares in 2010. The Wienerberger share is traded in the Prime Market Segment of the Vienna Stock Exchange as well as an ADR Level 1 Program of the Bank of New York on the OTC market in the USA.

26. Provisions

in TEUR	1.1.2010	Foreign exchange incr./decr.	Chg. in consolidation range	Reversal	Use	Addition	31.12.2010
Provisions for severance payments	12,819	36	3,518	386	4,048	5,665	17,604
Provisions for pensions	44,970	1,383	7,467	1,886	8,698	8,072	51,308
Provisions for service anniversary bonuses	4,006	29	0	161	756	971	4,089
Employee-related provisions	**61,795**	**1,448**	**10,985**	**2,433**	**13,502**	**14,708**	**73,001**
Deferred taxes	**89,164**	**4,470**	**3,395**	**23,850**	**4,952**	**11,551**	**79,778**
Provisions for warranties	24,981	591	453	693	2,280	2,732	25,784
Provisions for site restoration	38,559	2,085	0	696	4,029	4,244	40,163
Provisions for environmental measures	2,767	41	0	386	462	600	2,560
Other non-current provisions	**66,307**	**2,717**	**453**	**1,775**	**6,771**	**7,576**	**68,507**
Non-current provisions	**217,266**	**8,635**	**14,833**	**28,058**	**25,225**	**33,835**	**221,286**
Provisions for current taxes	8,111	824	3,564	3,502	327	1,926	10,596
Other current provisions	51,765	502	8,997	5,557	17,958	14,900	52,649
Current provisions	**59,876**	**1,326**	**12,561**	**9,059**	**18,285**	**16,826**	**63,245**
Provisions	**277,142**	**9,961**	**27,394**	**37,117**	**43,510**	**50,661**	**284,531**

27. Pensions and employee benefits

Wienerberger has made pension commitments to selected managers as well as all employees in the Netherlands, Great Britain, the USA and Switzerland. Defined contribution plans represent the goal for future pension agreements. In 2004 a number of ***defined benefit*** pension agreements with active managers were converted to ***defined contribution*** pension models through the transfer of previously earned claims to a pension fund. Wienerberger has also made a number of defined pension commitments mainly to former managers, which are not tied to plan assets; the length of service forms the basis for retirement benefits under these plans. General Shale Inc. (USA) employees have a funded defined benefit pension plan as well as non-funded health insurance; the amount by which the fair value of pension plan assets exceeds pension obligations is shown under other receivables. ZZ Wancor (Switzerland) has a defined contribution pension plan through an external pension fund. Claims earned by Dutch employees are satisfied primarily through contributions to an industry-wide pension fund in the Netherlands. In Great Britain a defined contribution pension plan covers all employees. The member companies of thebrickbusiness, which was acquired during 2004, had a defined benefit model up to the end of 2003; a provision was created to reflect these obligations. The acquisition of Baggeridge in 2007 also led to the takeover of a defined benefit pension plan. The acquisition of the Steinzeug Group led to an increase of TEUR 7,467 in the net pension obligation during the reporting year because of two defined benefit pension models. In 2010 the provisions for pensions equaled TEUR 51,308 and the provisions for posts-employment benefits TEUR 68,912.

The major actuarial parameters and relevant accounting principles are described on pages 119 and 120.

Total pension expenses for 2010 cover both defined contribution and defined benefit pension plans, and include the following components:

in TEUR	2010	2009	2008
Defined contribution plans			
Expenses for defined contribution pension plans	**5,290**	**4,721**	**6,036**
Defined benefit plans			
Service costs for defined benefit pension plans	1,581	2,287	3,597
Interest cost	9,409	9,345	9,711
Expected income from plan assets	-7,125	-5,957	-8,426
Actuarial gain/loss	823	4,564	-2,697
Past service cost	-40	-20	34
Effect of plan curtailments and settlements	-2,621	-3,948	0
Expenses for defined benefit plans	**2,027**	**6,271**	**2,219**
Total expenses for pensions	**7,317**	**10,992**	**8,255**

Gross pension obligations represent the present value of pension commitments as calculated by actuaries. Total pension obligations of TEUR 192,947 (2009: TEUR 168,238) include TEUR 117,566 (2009: TEUR 152,007) that are covered in part or in full by investments in funds (plan assets). The gross pension obligations can be reconciled with net obligations as shown on the balance sheet by deducting unrecognized past service cost and unrecognized actuarial gains and losses as well as the fair value of pension plan assets.

Of the total net obligations, TEUR 12,675 are related to the US (retirement) health insurance program. A change in the cost trend for medical services would not have any major impact on the interest cost or defined benefit pension obligation.

The component parts of pension obligations and their coverage through plan assets are shown below:

	Defined benefit obligations			Fair value of plan assets		
in TEUR	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Value as of 1.1.	**168,238**	**158,858**	**179,318**	**107,226**	**92,827**	**129,680**
Changes in consolidation range	12,093	471	660	4,626	632	377
Foreign exchange increase/decrease	7,957	442	-17,563	7,728	1,868	-13,658
Service costs for defined benefit plans	1,581	2,287	3,597			
Interest cost	9,409	9,345	9,711			
Expected income from plan assets				7,125	5,957	8,426
Effects of plan curtailments and settlements	-2,621	-3,960	-277	0	0	-19
Actuarial gain/loss	3,643	10,066	-6,585	2,800	10,260	-29,664
Past service cost	0	0	-3,755			
Payments to retirees	-8,230	-9,424	-6,383	-8,230	-9,424	-6,383
Payments received from employees	877	153	135	877	153	135
Payments received from employers	0	0	0	5,668	4,953	3,933
Value as of 31.12.	**192,947**	**168,238**	**158,858**	**127,820**	**107,226**	**92,827**
Fair value of plan assets (funded)	-127,820	-107,226	-92,827			
Present value of unfunded obligations as of 31.12.	**65,127**	**61,012**	**66,031**			
Non-recorded past service cost	250	239	269			
Non-recorded actuarial gains/losses (off-balance sheet risk)	-19,975	-21,581	-28,708			
Net pension obligations recorded as of 31.12.	**45,402**	**39,670**	**37,592**			
Thereof provision for pensions (p. 136)	51,308	44,970	46,793			
Thereof fair value of plan assets in excess of pension obligations (p. 134)	5,906	5,300	9,201			

Pension plan assets are comprised of assets from the defined contribution pension plans in the USA and the former defined benefit pension plan in Great Britain. The expected return on plan assets in 2010 was TEUR 7,125 and the realized income was TEUR 9,898. The plan assets are invested in stocks (49%), bonds (43%) and other assets (8%). Changes to the pension plans in the USA and Norway during the reporting year reduced the pension obligation by TEUR 2,621.

The major components of the pension obligations are shown in the following table:

in TEUR	2010	2009	2008	2007	2006
Defined benefit obligations	192,947	168,238	158,858	179,318	191,396
Fair value of plan assets (funded)	127,820	107,226	92,827	129,680	140,378
Present value of unfunded obligations	**65,127**	**61,012**	**66,031**	**49,638**	**51,018**

Legal regulations grant Austrian employees the right to a lump-sum payment at retirement or termination by the employer, whereby the amount of the payment is dependent on the length of service. These future obligations are reflected in provisions for severance payments. There are similar obligations in France and Italy.

28. Deferred taxes

Deferred tax assets and deferred tax liabilities as of December 31, 2010 and December 31, 2009 are the result of the following temporary valuation and accounting differences between carrying amounts in the consolidated financial statements and the respective tax bases:

	2010		2009	
in TEUR	Assets	Equity and Liabilities	Assets	Equity and Liabilities
Intangible assets	5,826	-23,412	10,630	-20,826
Property, plant and equipment	8,484	-116,235	12,224	-107,835
Financial assets	0	0	0	0
Inventories	1,794	-11,526	3,140	-5,696
Receivables	8,343	-12,863	3,768	-7,831
Cash and cash equivalents	0	0	0	0
Deferred charges	26,642	-65	1,510	-54
	51,089	**-164,101**	**31,272**	**-142,242**
Untaxed reserves	0	-17,251	0	-15,901
Provisions	20,294	-2,173	17,376	-1,483
Liabilities	9,322	-3,699	5,714	-3,798
Deferred income	2,048	-1,367	3,665	-2,457
	31,664	**-24,490**	**26,755**	**-23,639**
Tax loss carryforwards	169,266		132,232	
Deferred tax assets/provisions	**252,019**	**-188,591**	**190,259**	**-165,881**
Valuation allowance for deferred tax assets	-110,960		-75,906	
Offset within legal tax units and jurisdictions	-108,813	108,813	-76,717	76,717
Net deferred tax assets and provisions	**32,246**	**-79,778**	**37,636**	**-89,164**

In the consolidated financial statements, deferred tax assets were not calculated on temporary differences and tax loss carryforwards of TEUR 110,960 (2009: TEUR 75,906) because medium-term planning does not reliably demonstrate their use as tax relief.

In accordance with IAS 12.39, provisions for deferred taxes were not recorded on temporary differences related to shares owned in subsidiaries. The cumulative value of shares in subsidiaries exceeds the proportional share of equity owned in these subsidiaries by TEUR 362,774 (2009: TEUR 214,903).

29. Liabilities

Liabilities are generally measured at amortized cost. An exception is formed by derivatives with negative market values, which are measured at fair value. The remaining terms of the various categories of liabilities are shown in the following table:

2010 *in TEUR*	**Total**	**Remaining term <1 year**	**Remaining term 1-5 years**	**Remaining term >5 years**	**Thereof secured by collateral**
Interest-bearing loans	907,404	135,075	758,085	14,244	0
Finance leases	4,306	1,327	2,665	314	0
Financial liabilities owed to subsidiaries	2,490	2,490	0	0	0
Financial liabilities	**914,200**	**138,892**	**760,750**	**14,558**	**0**
Trade payables owed to third parties	180,303	176,066	4,128	109	0
Trade payables owed to subsidiaries	671	671	0	0	0
Trade payables	**180,974**	**176,737**	**4,128**	**109**	**0**
Prepayments received on orders	2,673	1,766	907	0	0
Amounts owed to tax authorities and social security carriers	44,597	42,679	1,691	227	0
Deferred income	16,381	6,270	9,672	439	0
Miscellaneous	90,235	80,893	8,771	571	0
Other liabilities	**153,886**	**131,608**	**21,041**	**1,237**	**0**
Liabilities as per balance sheet	**1,249,060**	**447,237**	**785,919**	**15,904**	**0**

2009 *in TEUR*	Total	Remaining term <1 year	Remaining term 1-5 years	Remaining term >5 years	Thereof secured by collateral
Interest-bearing loans	943,220	67,199	777,295	98,726	0
Finance leases	5,935	1,449	4,191	295	0
Financial liabilities owed to subsidiaries	1,203	1,203	0	0	0
Financial liabilities	**950,358**	**69,851**	**781,486**	**99,021**	**0**
Trade payables owed to third parties	155,448	154,267	1,181	0	0
Trade payables owed to subsidiaries	552	552	0	0	0
Trade payables	**156,000**	**154,819**	**1,181**	**0**	**0**
Prepayments received on orders	2,994	2,671	323	0	0
Amounts owed to tax authorities and social security carriers	45,597	45,333	64	200	0
Deferred income	19,693	7,706	9,635	2,352	0
Miscellaneous	88,601	73,131	11,301	4,169	0
Other liabilities	**156,885**	**128,841**	**21,323**	**6,721**	**0**
Liabilities as per balance sheet	**1,263,243**	**353,511**	**803,990**	**105,742**	**0**

Non-current financial liabilities include put options, whose exercise could result in the transfer of non-controlling interests in Group companies to Wienerberger (see 5. Basis of consolidation).

Other liabilities include TEUR 36,807 (2009: TEUR 34,884) due to employees and TEUR 28,384 (2009: TEUR 27,651) of accruals for bonuses and other sales deductions due to customers. Deferred income includes TEUR 6,265 (2009: TEUR 7,765) of subsidies and investment allowances granted by third parties, which are released to the income statement over the useful life of the related assets. The amounts owed to tax authorities and social security carriers include tax liabilities totaling TEUR 22,793 (2009: TEUR 26,872).

Financial liabilities also include derivative financial instruments with negative market values.

Financial instruments held for trading

in TEUR	2010	2009
Derivatives from cash flow hedges	14,149	5,772
Derivatives from fair value hedges	0	0
Other derivatives	4,584	492
Derivatives with negative market value	**18,733**	**6,264**

Total liabilities include TEUR 1,230,327 of financial liabilities at amortized cost, TEUR 14,149 of derivatives in hedges, a derivative liability of TEUR 4,557 connected with the purchase of the remaining 25% stake in the Semmelrock Group and TEUR 27 of other derivatives.

In 2010 Wienerberger held no financial liabilities carried at fair value through profit or loss, with the exception of the derivatives with negative market values.

Liabilities are expected to result in the following cash flows:

Analysis of contractual cash flows
2010

in TEUR	**Total**	**<6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**>5 years**
Bonds	-577,397	-23,397	-12,188	-267,437	-274,375	0
Commercial papers	0	0	0	0	0	0
Liabilities to banks	-377,248	-19,880	-85,983	-152,625	-116,400	-2,360
Liabilities to non-banks	-31,258	-114	-6,933	-267	-16,613	-7,331
Primary financial instruments	**-985,903**	**-43,391**	**-105,104**	**-420,329**	**-407,388**	**-9,691**
Interest rate derivatives	-18	-18	0	0	0	0
Forward exhange contracts, interest rate swaps and derivative liability	-18,733	-452	-5,640	-4,557	-6,090	-1,994
Derivative financial instruments	**-18,751**	**-470**	**-5,640**	**-4,557**	**-6,090**	**-1,994**
Contractual cash flows	**-1,004,654**	**-43,861**	**-110,744**	**-424,886**	**-413,478**	**-11,685**

Analysis of contractual cash flows
2009

in TEUR	**Total**	**<6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**>5 years**
Bonds	-449,429	-15,520	-214	-15,735	-416,786	-1,174
Commercial papers	0	0	0	0	0	0
Liabilities to banks	-555,442	-39,162	-10,420	-107,867	-394,905	-3,088
Liabilities to non-banks	-14,291	-107	-316	-419	-6,994	-6,455
Primary financial instruments	**-1,019,162**	**-54,789**	**-10,950**	**-124,021**	**-818,685**	**-10,717**
Interest rate derivatives	958	1,350	-347	-27	-18	0
Forward exchange contracts and interest rate swaps	10,213	-2,825	29,728	26,631	-43,321	0
Derivative financial instruments	**11,171**	**-1,475**	**29,381**	**26,604**	**-43,339**	**0**
Contractual cash flows	**-1,007,991**	**-56,264**	**18,431**	**-97,417**	**-862,024**	**-10,717**

30. Contingent liabilities and guarantees

Contingent liabilities result from obligations to third parties, and are comprised of:

in TEUR	31.12.2010	31.12.2009
Sureties	190	0
Guarantees	3,455	4,798
Other contractual obligations	2,329	2,503
Contingent liabilities	**5,974**	**7,301**

All events recorded under contingent liabilities reflect possible future obligations whose existence can only be confirmed by the occurrence of a future event that is completely uncertain as of the balance sheet date.

The only financial obligations above and beyond these contingent liabilities and guarantees (***off balance sheet risks***) are the unrecognized actuarial losses arising from pension obligations (see page 138).

Financial Instruments

31. Financial instruments

Financial liabilities are comprised of the following items:

	Currency	Nominal value	Market value	Carrying amount per 31.12.2010	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Loans	*EUR*	198,793	198,012	178,625	4.87
	GBP	37	47	43	7.95
			198,059	**178,668**	
Current loans	*EUR*	10,000	10,113	10,000	3.78
	GBP	71	85	83	7.87
			10,198	**10,083**	
Fixed interest loans due to financial institutions			**208,257**	**188,751**	

	Currency	Nominal value	Market value	Carrying amount per 31.12.2010	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Loans	*EUR*	84,606	68,945	72,807	3.40
			68,945	**72,807**	
Current loans	*EUR*	83,996	86,375	84,991	4.67
	CAD	510	383	383	0.00
	GBP	954	1,102	1,108	0.00
	USD	675	505	505	0.00
	Other	-	14	14	-
			88,379	**87,001**	
Derivatives	*EUR*	-	14,176	14,176	-
			14,176	**14,176**	
Variable interest loans due to financial institutions			**171,500**	**173,984**	

	Currency	Nominal value	Market value	Carrying amount per 31.12.2010	Effective interest rate
		in 1,000 local currency	*in TEUR*	*in TEUR*	*in %*
Bonds - fixed interest	*EUR*	509,228	540,863	505,227	4.36
	EUR	12,755	12,755	12,755	-
Loans - fixed interest	*EUR*	6,911	5,724	3,662	7.17
	USD	222	317	388	0.00
Roll-over - fixed interest	*EUR*	1,757	931	878	7.50
Current loans - fixed interest	*EUR*	5,625	5,761	5,625	4.75
Loans - variable interest	*GBP*	9,965	11,577	11,577	-
Derivative liability	*EUR*	5,000	4,557	4,557	-
Financial liabilities due to non-banks			**582,485**	**544,669**	

In April 2010, Wienerberger AG placed a new bond with a volume of TEUR 250,000 and a term of 4¼ years. The proceeds were used in part to service a buyback program for the bond issued in 2005, with repurchases totaling TEUR 140,772. Both bonds are recorded under long-term borrowings. The related expenses of TEUR 13,246 (bank charges and interest rate hedges) were recorded together with the respective bond and not recognized to profit or loss. These differences will be recognized as interest expense or bank charges over the term of the bond in accordance with the effective interest rate method. The carrying amount of the bonds includes accrued interest of TEUR 12,755.

Interest rates (variable, fixed) can be exchanged through the conclusion of interest rate swaps. The structure of financial liabilities (variable and fixed interest rates), including the effects of interest rate swaps, is shown on page 150.

IFRS 7 requires the classification of financial instruments in three levels of disclosure that reflect the significance of the items. Wienerberger uses the following hierarchy to classify financial instruments at fair value to a valuation method:

Level 1: Valuation based on the market price for a specific financial instrument
Level 2: Valuation based on the market prices for similar instruments or on valuation models that only use parameters that can be monitored on the market
Level 3: Valuation based on models with significant parameters that cannot be monitored on the market.

All financial instruments carried at fair value by the Wienerberger Group are classified under level 1 (shares in funds, corporate bonds and stock; see note 23) or level 2 (derivatives; see note 32). There were no reclassifications between hierarchy levels during the reporting year.

32. Derivative financial instruments

The fair value of forward exchange contracts is based on the market price as of the balance sheet date. Certain OTC contracts are valued based on the prices for comparable transactions. The fair value for interest rate swaps represents the value that the company would receive or be required to pay on settlement as of the balance sheet date. Current market conditions, above all current interest rates and the credit standing of the swap partner, are taken into account in the determination of value. These valuation parameters can be monitored on the market and are available to all market participants.

	2010			2009		
	Currency	**Nominal value**	**Market value**	**Currency**	**Nominal value**	**Market value**
		31.12.2010 in 1,000 local currency	*31.12.2010 in TEUR*		*31.12.2009 in 1,000 local currency*	*31.12.2009 in TEUR*
Forward exchange and gas contracts	*EUR*	38,202	341	*EUR*	31,998	-930
	CAD	0	0	*CAD*	1,000	3
	CZK	145,000	-19	*CZK*	60,000	34
	GBP	19,458	580	*GBP*	17,404	-167
	HUF	420,000	-5	*HUF*	300,000	-32
	PLN	40,000	53	*PLN*	0	0
	USD	152,500	-415	*USD*	3,000	-21
Interest rate swaps	*EUR*	0	0	*EUR*	183,000	957
Cross currency swaps	*CAD/EUR*	0	0	*CAD/EUR*	20,000	1,020
	GBP/EUR	90,000	23,751	*GBP/EUR*	90,000	26,444
	CZK/EUR	0	0	*CZK/EUR*	560,000	-2,013
	CHF/EUR	100,000	-13,724	*CHF/EUR*	47,500	-2,230
	USD/EUR	0	0	*USD/EUR*	249,868	16,802
Derivative liability	*EUR*	5,000	-4,557	*EUR*	0	0
			6,005			**39,867**

Risk Report

Principles of risk management

The conduct of global operations exposes the Wienerberger Group to a variety of risks that are inseparable from entrepreneurial activities. These risks have an effect on the business segments of the Group and on its assets, liabilities and planned commercial decisions.

The Wienerberger Group follows a policy that is designed to identify and actively manage risks in the operating environment. This policy is based on principles, which are defined by the Managing Board and monitored by the Supervisory Board. The implementation of the risk strategy and the use of hedging instruments are coordinated centrally for the entire Group.

Risk situation and operating risks relating to the Group's markets

As a producer of building materials, Wienerberger operates in a cyclical branch and is therefore affected by developments in the major economies that form the backdrop for its business activities. The building material industry is affected above all by macroeconomic factors as well as developments in building construction in general and new residential construction and renovation in particular. The development of business is also influenced by consumer confidence, the unemployment rate, long-term interest rates, the availability of financing, tax policies, building regulations and subsidies for housing construction as well as other factors outside the Group's control.

The unfavorable development of any or all of these factors can have a negative influence on the demand for Wienerberger products, both in terms of the volumes sold and the price levels. Cyclical fluctuations in demand lead to a risk of excess capacity, which may result in increased pressure on prices, a decline in margins and/or revenues that fail to cover production costs. The building materials industry – and, as a part of this industry, also Wienerberger – is characterized by a high share of fixed costs as a percentage of total costs due to its capital-intensive nature, and active capacity management therefore represents a central instrument for corporate management. Production capacity is analyzed on a continuous basis, and adjusted to reflect market demand through mid-term measures that include temporary or permanent plant closings as well as the relocation of production to more efficient facilities. No plant shutdowns were required in 2010.

Wienerberger views the markets in Central and Eastern Europe – including Hungary, the Czech Republic, Poland, Slovakia, Slovenia, Croatia and above all Bulgaria, Romania and Russia – as long-term growth markets due to the high pent-up demand for new residential construction. Weaker demand and increased pressure on prices in these growth markets can lead to increased risk for the Wienerberger Group.

Furthermore Wienerberger is competing with other roof and wall materials such as concrete, wood, limestone, glass, steel, aluminum and other wall and roofing materials, which exposes the Group to a risk of substitution. Our strong position as a quality leader and investments in the development of premium products should allow us to minimize price and substitution risks. In particular, these developments involve improvements in the physical properties (thermal insulation, acoustic protection, earthquake safety and stability) as well as the economy of our products.

The building materials industry is subject to seasonal fluctuations, whereby substantially higher volumes are sold during the months from April to October than in the rest of the year. Similar to the building materials industry, the earnings of the Wienerberger Group are in part dependent on the weather, with the result that long frost and rain periods have a negative influence on demand through a decline in construction activity.

In order to avoid earnings fluctuations wherever possible, Wienerberger pursues a strategy of geographical diversification with parallel concentration on the core business. Our activities are subject to the usual risks inherent in local markets, where positions must be repeatedly defended against competitors and substitute products. The Group's most important customer group is the building materials sector, and further market adjustments in this branch are expected to increase pressure on prices in the future. Specific market situations can also have a negative impact on price levels, and Wienerberger therefore monitors its price strategy on a continuous basis.

As a multinational corporation, Wienerberger operates in countries that are in different stages of economic and social development. Unfavorable changes in political or economic conditions therefore represent additional sources of risk. The activities of the Wienerberger Group could also be materially affected by the following factors: changes in tax laws on individual markets, in the taxation of energy sources or in labor law; the effect of language and cultural differences on the coordination of international activities; the limitation of opportunities for the repatriation of profits; an increase in legal requirements for the utilization of raw materials; product standards and product liability law; and environmental and safety standards. The growth markets of Russia and India also carry a risk that production equipment may be expropriated without proper compensation. Especially in these markets, Wienerberger is additionally exposed to tax risks that could arise from a change in tax laws or the interpretation of existing tax laws. However, the company is not able to quantify the probability of occurrence or the extent of these potential risks at the present time.

Procurement, production, investment and acquisition risks

The majority of the Wienerberger plants were constructed or modernized in recent years, and many older plants were permanently closed as part of the 2008 and 2009 action plan. Therefore, the risk of operating breakdowns or a longer loss of production due to technical problems is low. Supplies of clay raw materials for the production of bricks and clay roof tiles are guaranteed on a lasting basis by sufficient deposits and long-term supply contracts.

The cost of energy used in the production of bricks represents a significant percentage of the Group's cost structure. In 2010 energy costs for the Wienerberger Group totaled TEUR 268,477 (2009: TEUR 259,269), or 15.4% (2009: 14.3%) of revenues. These expenses consist of 65% for natural gas, 25% for electricity, 4% for oil and 6% for coal and other materials. Energy prices are dependent on international and local market developments, and are subject to fluctuations.

Wienerberger works to minimize the risk connected with rising energy prices in liberalized markets (in total, 80% of energy costs) by concluding futures contracts as well as fixed-price agreements or other contracts with national and international suppliers, in which prices are determined using formulas that are tied to substitute products (such as heating oil). These prices are in part established for longer periods of time. Therefore, futures can be concluded as a hedge against risk using a link to these substitute products. In numerous East European countries (in total, 20% of energy costs) the prices for natural gas are regulated by the federal government and contracts with local suppliers are negotiated each year.

Wienerberger will also be exposed to the risk of rising prices for CO_2 certificates beginning in 2013 if its allotments do not cover actual emissions.

In addition to price risk Wienerberger is also exposed to an energy supply risk, in particular with respect to natural gas and electricity. Any disruption of energy supplies would invariably lead to the standstill of production, and could therefore have a negative effect on operating profit if demand cannot be met from inventories.

Continuing optimization and internal as well as external growth projects are required to increase the value of Wienerberger. The future profitability of these projects is dependent to a large degree on the investment volume and/or acquisition price as well as the development of the market. For this reason, all growth projects must meet the defined return on investment criteria for the Group's bolt-on and strategic projects (also see the chapter "Strategy and Business Model" on page 44ff.) The entry into new markets is also connected with risks involving competition, planning accuracy and the evaluation of the political situation as well as the successful, profitable development of business. New projects are therefore analyzed extensively in advance, both from a qualitative and quantitative standpoint.

Financial risks

In addition to financing risk, operating activities expose Wienerberger to interest rate and exchange rate risks. Derivative financing instruments, in particular forward exchange contracts and interest swaps, are used to limit and manage this risk. All cash flow hedges and hedges of investments in foreign operations are classified as highly effective in accordance with IAS 39.88 as a means of offsetting the hedged risks in keeping with risk management objectives. No derivatives are held for trading or speculative purposes.

The refinancing sources open to Wienerberger are determined by numerous financial, macroeconomic and other factors beyond the control of management. These factors include covenants in the existing and future debt arrangements as well as the maintenance of the current rating. According to the Group's financial guidelines, the ratio of net debt to operating EBITDA may not exceed 3.5 years and operating EBITDA/net interest result must be higher than 3.75. Part of earnings is used for the payment of interest on debt and is therefore not available for other purposes. If the Group's rating should deteriorate or covenants are not met, interest expense could increase due to an increase in the credit risk premium and lead to higher financing costs and lower cash flow. The failure to comply with covenants could also result in a loan becoming due immediately.

Exchange rate risks

A significant portion of the revenues and earnings of the Wienerberger Group are generated by subsidiaries whose headquarters are not located in the euro zone. Wienerberger recorded 45% of its revenues for the reporting year in currencies other than the euro, predominately East European currencies (22%). The exchange rate risk connected with cash flows is immaterial due to the local nature of the building materials business. Cash flows into or out of the euro region are almost entirely related to Group dividends or loans. The foreign exchange risk on these intra-group cash flows is managed by the holding company.

Credit financing for the purchase of current assets is concluded in the local currency of the individual companies because of the decentralized structure of the Wienerberger Group. Foreign exchange risk in the financing area is therefore reduced to a minimum, since the Group companies generally issue their invoices in local currency and these transactions form a natural hedge. The exposure of financial liabilities to foreign exchange risk is discussed under note 31.

However, the translation of foreign company financial statements into the euro results in currency translation differences (translation risk), which are recorded directly in equity under the position foreign exchange. The revenues, earnings, and balance sheet items of companies not headquartered in the euro region are therefore dependent on the relevant euro exchange rate.

The Wienerberger risk strategy calls for minimizing the translation risk arising from net investments in foreign subsidiaries to a certain extent through hedging. The following table shows Group revenues and capital employed by currency, whereby the calculation of capital employed includes the effects of forward exchange contracts and foreign currency swaps.

	2010		2009	
Revenues	*in € mill.*	*share in %*	*in € mill.*	*share in %*
Euro	971.3	55	1,032.9	57
East European currencies	379.1	22	399.9	22
US dollar	116.1	7	127.7	7
Other	278.3	16	256.4	14
Revenues	**1,744.8**	**100**	**1,816.9**	**100**

	2010		2009	
Capital employed	*in € mill.*	*share in %*	*in € mill.*	*share in %*
Euro	1,610.9	58	1,658.0	59
East European currencies	633.7	23	663.4	24
US dollar	334.4	12	263.6	9
Other	200.5	7	231.8	8
Capital employed after hedging effect	**2,779.5**	**100**	**2,816.8**	**100**

The effects of a hypothetical change in foreign exchange rates on earnings and equity are shown in the form of sensitivity analyses. For the purpose of this presentation, change is defined as the year-on-year increase or decrease in the relevant exchange rate versus the euro as of the balance sheet date. As of December 31, 2010, an increase of one annual volatility calculated on the basis of daily changes in the relevant exchange rates against the euro would have led to a decrease of MEUR 87.4 (2009: MEUR 95.7) in equity and a decrease of MEUR 1.2 (2009: MEUR 0.4) in profit after tax. A decline in the euro compared with the major currencies would have led to a similar increase in equity and profit after tax.

Interest rate risks

Interest rate risk is comprised of two components: the relevant value (minimum or maximum) of the average term for the Group's financing and the separation into fixed and variable interest rates. The risk associated with fixed interest rates lies in a possible decline in interest rate levels, while the risk associated with variable interest rates arises from the possibility of an increase in interest rates. A parallel upward shift of 100 basis points in interest rates would have increased profit after tax by MEUR 1.0 (2009: MEUR -0.2) and, through this change in the income statement, also increased equity by the same amount. A decrease of 100 basis points in interest rates would have reduced profit after tax and equity by a similar amount.

The risk position of Wienerberger AG with respect to the interest rate risks arising from liabilities with fixed and variable interest rates is explained below.

In order to analyze interest rate risk (fixed and variable interest rates), financial liabilities (pages 143 to 145) are adjusted for the effects of derivative instruments (hedging) and short-term fixed-interest financial liabilities are treated as variable interest items. Sensitivity analyses were carried out on fixed interest and variable interest financial liabilities to estimate the impact on earnings and equity.

in TEUR	2010 Fixed interest rate	2010 Variable interest rate	2009 Fixed interest rate	2009 Variable interest rate
Interest-bearing loans	717,286	190,118	764,882	178,338
Reclassification of short-term fixed interest rate loans	-10,083	10,083	-3,263	3,263
Effects of derivative instruments (hedging)	943	-943	-161,941	161,941
Interest-bearing loans after hedging effects	**708,146**	**199,258**	**599,678**	**343,542**

Credit risks

Wienerberger has established strict requirements for the credit standing of its financial partners, which are defined in internal financial and treasury guidelines. The credit risk connected with the investment of liquid funds and securities is limited because Wienerberger works only with financing partners whose credit rating leads to expectations of a sound financial standing. However, financial partners with an excellent rating can also pose a credit risk and Wienerberger therefore continuously monitors developments on financial markets. The following table shows the maximum exposure of trade receivables and other receivables to credit risks as of December 31, 2010, classified by region:

Credit risk	2010 in € mill.	2010 share in %	2009 in € mill.	2009 share in %
Western Europe	99.3	58	133.9	58
Central-East Europe	33.4	19	43.1	19
North America	16.3	9	30.6	13
Other	23.6	14	24.2	10
Credit risk for the Group	**172.6**	**100**	**231.8**	**100**

Trade receivables, of which MEUR 68 are insured against default, consist primarily of receivables due from building material retailers and large customers because the Group sells almost no products to final customers. Impairment charges to receivables equaled less than 2% of trade receivables, originated loans and other current receivables in 2010, and were not classified separately for this reason.

Liquidity risks

The protection of liquidity and preservation of a healthy financial base represent the focal point of the Wienerberger strategy. Accordingly, Wienerberger took actions to strengthen its financial position with the issue of a new bond and the waiver by shareholders of a dividend for the 2009 financial year. The most important instruments for achieving these goals are the maximization of free cash flow through cost reduction, active working capital management and a cutback in investments to the necessary minimum. In particular, liquidity risks arise when cash flows from revenues fall below expectations because of weaker demand and the measures to reduce working capital and cash outflows for fixed costs (active capacity management) are not sufficient or can only be implemented with a delay.

Liquidity is managed on a regular basis, among others, by analyzing the cash conversion cycle. The calculation of this cycle is based on average accounts payable turnover, inventory turnover and receivables conversion.

The receivables conversion period averaged 24 days in 2010 (2009: 34), inventory turnover 126 days (2009: 133) and accounts payable turnover 51 days (2009: 42). This resulted in a cash conversion cycle of 99 days in 2010 compared with 125 days in the prior year.

An analysis of the liquidity risks arising from liabilities is provided on page 142.

Legal risks

Business combinations may be subject to the approval of antitrust authorities, depending on the market position in individual countries and/or the size of the planned acquisition. These approval procedures could lead to delays or, in individual cases, to the prohibition of specific acquisitions or mergers. Wienerberger evaluates the antitrust risk associated with an acquisition together with national and international legal and business experts during the early stages of work on a project in order to minimize this risk. No acquisitions planned by the Group have ever been prohibited.

Due to the position of Wienerberger on individual regional markets, the pricing policies of Group subsidiaries are actively monitored by competition authorities. Antitrust proceedings are pending in Germany, and a conviction would result in a fine. A provision of TEUR 10,000 was created for this impending penalty as of December 31, 2008, but the proceedings are not expected to start before 2011. It should be noted that price-fixing agreements are not part of Wienerberger business policies; internal guidelines expressly prohibit such activities and call for sanctions in the event of violations.

In India, Wienerberger is exposed to a risk that previously granted reductions in customs duties may be subsequently disallowed if the related conditions cannot be met.

Other risks

Wienerberger is subject to extensive and increasingly strict environmental, health and safety laws in many countries, which can lead to investments for compliance with these regulations. The failure to comply with these regulations could result in administrative fines, the assessment of damages or the suspension of operating permits. In Italy the authorities have launched an investigation into possible environmental pollution at the Wienerberger locations, which has not produced any results to date.

Wienerberger plants exceed current legal requirements for the prevention of environmental damage, but the intensification of environmental standards presents the Group with a continuous range of new challenges. Legal commitments are identified and met through knowledge of current legal and contractual requirements as well as cooperation with experts and external consultants. Risks arising from the restoration of clay pits are part of the company's operating risk and are monitored continuously.

The risks associated with a breakdown of our centralized Group data processing system as the result of natural disasters have been minimized through the installation of redundant systems at facilities in different locations.

In recent years, a number of building materials companies with operations in the USA became the subject of class action suits from patients with asbestos-related diseases. After an examination of our US activities, we have classified this risk as minimal because none of our American subsidiaries has ever produced or sold asbestos products.

The Wienerberger Group also competes with other firms on the labor market. In order to train future managers and prepare these persons for management positions, Wienerberger has created curricula that include the Sales Academy, the Plant Manager Program and the Ambassador Program. Wienerberger uses these programs and personalized training measures to optimally train its employees and to also strengthen their ties to the company (see the Wienerberger Sustainability Report for additional information).

Other Information

33. Significant events occurring after the balance sheet date (supplementary report)

On February 1, 2011 Wienerberger AG announced the acquisition of a further 25% stake in Tondach Gleinstätten as part of a stock swap with the joint venture partner Monier. The two companies previously held common investments in the roof tile business through two joint ventures that were focused on Eastern Europe. Each of the two companies last held 50% of the shares in Bramac (concrete roof tiles) as well as a 25% stake in Tondach Gleinstätten AG (clay roof tiles). An agreement was signed, subject to the approval of the responsible cartel authorities, which gives Monier Wienerberger's holding in the concrete roof tile business, while Wienerberger will receive the clay roof tile investment plus a cash settlement of MEUR 40. After the approval of this transaction by the cartel authorities, Wienerberger will hold a 50% stake in Tondach Gleinstätten AG (the remaining 50% of the shares are family-owned) and Monier will own 100% of Bramac. Wienerberger will then consolidate Tondach Gleinstätten, which was previously accounted for at equity, on a proportionate basis of 50%.

34. Related party transactions

The following companies and persons are considered to be related parties: the members of the Supervisory and Managing Boards, associated companies, joint ventures and non-consolidated subsidiaries of Wienerberger AG as well as the ANC private foundation and its subsidiaries. Transactions with companies in which members of the Supervisory Board of Wienerberger AG are active reflect third-party conditions and are immaterial in scope. Business relationships between the company and related parties, in particular members of the Managing and Supervisory Boards of Wienerberger AG, are disclosed in note 12 if any payments to these persons are involved. Information on the stock options held by members of the Managing Board is provided in note 35.

Transactions between companies included in the consolidated financial statements and one member of the Supervisory Board of Wienerberger AG are related primarily to clay deliveries of TEUR 114 (2009: TEUR 102), rentals of TEUR 1,596 (2009: TEUR 1,617) and license payments of TEUR 2,454 (2009: TEUR 2,371) for the use of brand names.

Wienerberger AG successively transferred non-operating real estate and non-core business activities to the ANC private foundation and its subsidiaries in 2001. This foundation is directed by a three-member management board and has no advisory board. The beneficiaries of the foundation are the shareholders of Wienerberger AG, at an amount equal to their proportional holdings. The members of the Managing Board of Wienerberger AG hold no positions on the management boards of the foundation or its subsidiaries. Wienerberger has no influence on the foundation's business activities and is not obliged to make any further contributions to the assets of the foundation or its subsidiaries. Based on the scope of services exchanged between Wienerberger AG and the ANC private foundation and in accordance with SIC 12, the requirements for consolidation as defined in IAS 27 are not met. The acquisition of the Steinzeug Group from ANC Vermögensverwaltungs GmbH in 2010 dissolved all financial connections between Wienerberger AG and ANC Privatstiftung.

Wienerberger AG and its subsidiaries finance joint ventures, associates and non-consolidated subsidiaries through loans granted at ordinary market conditions. The outstanding receivables due from associates amounted to TEUR 9,063 as of December 31, 2010 (2009: TEUR 7,556). The comparable amounts for non-consolidated subsidiaries and joint ventures were TEUR 7,733 (2009: TEUR 9,554) and TEUR 5,152 (2009: TEUR 4,597), respectively.

35. Share-based payment

On May 11, 2010 the Supervisory Board of Wienerberger AG approved the implementation of a new share-based remuneration program for the members of the Managing Board and key managers. This new program is a long-term variable compensation system, which replaces the stock option plan that was discontinued in 2009. The long-term incentive (LTI) program is a remuneration plan with cash settlement. It is designed to meet the requirements of the Austrian Corporate Governance Code, which call for a sustainable increase in the value of a company. Accordingly, the model is linked to the development of CFROI in the Wienerberger Group as well as the development of the Wienerberger share. The calculation basis for the LTI is formed by virtual shares, so-called performance share units (PSUs), which are allocated to the program participants in accordance with their position in the company. The monetary value of the PSUs is determined at the end of a three-year performance period, at which time CFROI must exceed the minimum defined for the respective program. The average price of the Wienerberger share on the last 20 ATX trading days of the performance period is used as a multiplier. The resulting variable remuneration is paid out in three tranches over a two-year period, with cash settlement made in equal parts over a target corridor. If CFROI falls below the achievement corridor, the payments are cancelled. A condition for participation by the members of the Managing Board is an investment in Wienerberger shares equal to the number of virtual shares allocated; this investment must be retained for a specific period of time.

In 2010 a total of 48,000 virtual shares were allocated to the Managing Board (CEO: 8,000, board member: 6,000) and the members of management (executive managing director: 2,500, holding company top management and managing directors of larger local companies: 1,000).

The options were valued using the Black-Scholes option-pricing model, with the shares carrying a strike price of 0. A provision was not created for the reporting year, since CFROI amounted to 4.2% as of December 31, 2010.

The previous stock option plan was terminated in 2009 and, accordingly, no options were granted in 2010. The options from the 2008 program expired in that year.

The development of issued stock options is shown in the following tables:

	2010		2009	
Development of options	**Number of options**	**Average exercise price per option**	**Number of options**	**Average exercise price per option**
Total at the beginning of the year	**760,873**	**40.89**	**790,471**	**40.30**
Options granted	0	0.00	0	0.00
Options exercised	0	0.00	0	0.00
Options forfeited	-184,373	37.50	-29,598	25.00
Options subsequently accepted by employees	0	0.00	0	0.00
Total at the end of the year	**576,500**	**41.98**	**760,873**	**40.89**
Eligible for exercise at year-end	576,500	41.98	760,873	40.89

Number of options granted	From 2007	From 2006	From 2005
Total for the Managing Board	**60,500**	**63,000**	**43,239**
Other key employees	226,000	230,000	144,134
Total number of options granted	**286,500**	**293,000**	**187,373**
Expired	0	-3,000	-187,373
Options exercised	0	0	0
Existing options	**286,500**	**290,000**	**0**
Eligible for exercise at year-end	286,500	290,000	0

Valuation of options		From 2007	From 2006	From 2005
Major parameters for options granted				
Market price at granting	*in EUR*	45.57	42.20	33.86
Exercise price	*in EUR*	45.50	38.50	37.50
Term of options	*in years*	5	5	5
Risk-free interest rate	*in %*	4.01	3.32	3.15
Expected volatility	*in %*	28	28	28
Present value of options	*in EUR*	10.54	10.77	5.91
Fair value of stock options at grant date	*in TEUR*	**3,019**	**2,965**	**962**

The options were valued using the Black-Scholes option-pricing model. The interpretation of market information necessary for the estimation of market values also requires a certain degree of subjective judgment. The expected volatility was extrapolated based on the historical development of the price of the Wienerberger share. Therefore, the figures shown here may differ from the values subsequently realized on the marketplace.

The number of shares owned by the members of the Managing Board is disclosed in the remuneration report on page 33.

The Managing Board of Wienerberger AG released the consolidated financial statements on February 21, 2011 for distribution to the Supervisory Board. The Supervisory Board is responsible for examining and approving the consolidated financial statements.

Vienna, February 21, 2011

The Managing Board of Wienerberger AG

Heimo Scheuch
CEO

Willy Van Riet
CFO

Johann Windisch
COO

Statement by the Managing Board

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, February 21, 2011

The Managing Board of Wienerberger AG

Heimo Scheuch CEO	Willy Van Riet CFO	Johann Windisch COO

Group Companies

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Wienerberger International N.V.	**Zaltbommel**	**50,000**	**EUR**	**100.00%**	**VK**	
Wienerberger Ziegelindustrie GmbH	Hennersdorf	5,000,000	EUR	100.00%	VK	
Salzburger Ziegelwerk GmbH & Co KG	Oberndorf	438,000	EUR	100.00%	VK	
Wienerberger Teglaipari zRt.	Budapest	2,140,000,000	HUF	100.00%	VK	
Wienerberger Management Service Szolgáltató és Tanácsadó Kft.	Budapest	3,000,000	HUF	100.00%	OK	1)
Wienerberger cihlarsky prumysl, a.s.	Ceske Budejovice	50,000,000	CZK	100.00%	VK	
Cihelna Kinsky, spol. s r.o.	Kostelec nad Orlici	2,000,000	CZK	73.20%	VK	
Wienerberger cihelna Jezernice, spol. s r.o.	Ceske Budejovice	200,000	CZK	100.00%	VK	
Wienerberger cihelna Brozany, spol. s r.o.	Ceske Budejovice	75,000,000	CZK	100.00%	VK	
Wienerberger cihelna Hodonín, spol. s r.o.	Ceske Budejovice	50,000,000	CZK	100.00%	VK	
Wienerberger eurostroj, spol. s r.o.	Ceske Budejovice	100,000	CZK	100.00%	VK	
Wienerberger euroform, spol. s r.o.	Ceske Budejovice	44,550,000	CZK	100.00%	VK	
Wienerberger service, spol. s r.o.	Ceske Budejovice	200,000	CZK	100.00%	OK	1)
Silike keramika, spol. s r.o.	Ceske Budejovice	100,000	CZK	50.00%	EQ	
Wienerberger Slovenske tehelne spol. s r.o.	Zlate Moravce	3,319,392	EUR	100.00%	VK	
Wienerberger Ceramika Budowlana Sp. z o.o.	Warszawa	374,324,808	PLN	100.00%	VK	
Handel Ceramika Budowlana Sp. z o.o.	Warszawa	50,000	PLN	40.00%	OK	1)
Zaklad Ceramiki Budowlanej Stanislawów Sp. z o.o.	Czestochowa	50,000	PLN	40.00%	OK	1)
Wienerberger Zeslawice Sp. z o.o.	Warszawa	29,490,000	PLN	93.90%	VK	
Wienerberger Ilovac d.d.	Karlovac	8,988,040	HRK	99.92%	VK	
Wienerberger Cetera IGM d.d.	Karlovac	359,240	HRK	99.71%	VK	
IGM Ciglana d.o.o. Petrinja	Sisak	12,756,900	HRK	100.00%	VK	
WIENERBERGER Industrija opeke d.j.l.	Sarajevo	2,000	KM	100.00%	VK	
Wienerberger Opekarna Ormoz d.d.	Ormoz	951,986	EUR	88.40%	VK	
Opekarna Pragersko d.d.	Pragersko	1,022,743	EUR	88.40%	VK	
Wienerberger Backa d.o.o.	Beograd	651,652	RSD	100.00%	VK	
WIENERBERGER Sisteme de Caramizi S.R.L.	Bucuresti	39,147,100	RON	100.00%	VK	
WZI FINANZ-S.à.r.l.	Luxembourg	73,963,917	USD	100.00%	VK	
Wienerberger TOV	Kyiv	3,000,000	UAH	100.00%	VK	
Semmelrock International GmbH	**Wien**	**3,000,000**	**EUR**	**100.00%**	**VK**	
Semmelrock Baustoffindustrie GmbH	Klagenfurt	1,000,000	EUR	100.00%	VK	
Semmelrock Ebenseer Baustoffindustrie GmbH	Klagenfurt	35,000	EUR	62.50%	VK	
Lusit Betonelemente GmbH & Co.KG	Klagenfurt	3,052,259	EUR	62.50%	VK	
Lusit Betonelemente GmbH	Klagenfurt	36,336	EUR	62.50%	VK	
Semmelrock Ebenseer Baustoffindustrie GmbH & Co KG	Klagenfurt	100,000	EUR	62.50%	VK	
Semmelrock Industriebeteiligungsverwaltung GmbH	Wien	35,000	EUR	100.00%	VK	
Semmelrock Stein & Design Kft.	Ócsa	983,000,000	HUF	100.00%	VK	
SEMMELROCK STEIN + DESIGN Dlazby s.r.o.	Sered	3,027,286	EUR	100.00%	VK	
Semmelrock Stein & Design d.o.o.	Ogulin	15,520,000	HRK	100.00%	VK	
Semmelrock Stein & Design Sp. z o.o.	Kolbiel	42,070,000	PLN	100.00%	VK	
Semmelrock Stein + Design S.R.L.	Bolintin-Vale	46,113,300	RON	100.00%	VK	
Semmelrock Tlakovci d.o.o.	Ormoz	8,763	EUR	100.00%	OK	1)
Semmelrock Stein+Design Dlazby a.s.	Praha	2,000,000	CZK	100.00%	VK	
Semmelrock Stein + Design EOOD	Sofia	7,785,500	BGN	100.00%	VK	

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
BRAMAC Dachsysteme International GmbH	**Pöchlarn**	**2,906,913**	**EUR**	**50.00%**	**QU**	
Bramac stresni systemy spol. s r. o.	Praha	160,000,000	CZK	50.00%	QU	
Bramac Kft.	Veszprem	1,831,880,000	HUF	50.00%	QU	
Bramac stresni sistemi d.o.o.	Skocjan	1,043,232	EUR	50.00%	QU	
Bramac Krovni Sistemi d.o.o.	Beograd	1,155,425	EUR	50.00%	QU	
Bramac Stresne Systemy spol. s r.o.	Ivanka pri Nitre	2,000,000	EUR	50.00%	QU	
Bramac Pokrovni Sistemi d.o.o.	Novi Zagreb	7,778,000	HRK	50.00%	QU	
Bramac Sisteme de Invelitori S.R.L.	Sibiu	8,658,000	RON	50.00%	QU	
Bramac pokrivni sistemi EOOD	Elin Pelin	4,757,860	BGN	50.00%	QU	
Bramac Krovni Sistemi d.o.o.	Sarajevo	2,000	BAM	50.00%	QU	
Bramac Dachsysteme Holding GmbH	Pöchlarn	35,000	EUR	50.00%	QU	
Bramac Sisteme për çati Sh.p.k	Tirana	156,000	EUR	50.00%	QU	
Bramac Pokrivni Sistemi DOOEL	Skopje	61,521	MKD	50.00%	QU	
Wienerberger GmbH	**Hannover**	**9,500,000**	**EUR**	**100.00%**	**VK**	
ArGeTon GmbH	Hannover	1,600,000	EUR	100.00%	VK	
Schlagmann Beteiligungs GmbH	Zeilarn	26,000	EUR	50.00%	OK	1)
Schlagmann Baustoffwerke GmbH & Co KG	Zeilarn	10,300,000	EUR	50.00%	QU	
Ziegelwerk B GmbH	Hannover	26,000	EUR	100.00%	VK	
Tongruben Verwaltungs GmbH	Hannover	26,000	EUR	100.00%	OK	1)
KORAMIC Verwaltungs-GmbH	Hannover	26,000	EUR	100.00%	OK	1)
Bockhorner Rohstoffgesellschaft mbH & Co. KG	Bockhorn	100,000	EUR	60.00%	OK	1)
Bockhorner Rohstoff Verwaltungs GmbH	Bockhorn	25,000	EUR	60.00%	OK	1)
Tongrube Lobenfeld GmbH	Oldenburg	25,000	EUR	100.00%	OK	1)
RM 2964 Vermögensverwaltungs GmbH	München	25,000	EUR	100.00%	OK	1)
MR Erwerbs GmbH & Co KG	München	100	EUR	100.00%	VKE	
ZZ Wancor AG	**Regensdorf**	**1,000,000**	**CHF**	**100.00%**	**VK**	
Wienerberger S.p.A.	**Bubano**	**10,000,000**	**EUR**	**100.00%**	**VK**	
Fornaci Giuliane S.p.A.	Cormons	1,900,000	EUR	30.00%	EQ	
Wienerberger NV	**Kortrijk**	**13,091,395**	**EUR**	**100.00%**	**VK**	
Wienerberger Asset Management NV	Zonnebeke	8,599,827	EUR	100.00%	VK	
Deva-Kort NV	Kortemark	247,894	EUR	100.00%	VK	
Wienerberger Building Solutions	Kortrijk	34,466,350	EUR	100.00%	VK	
Soltech NV	Tienen	2,772,634	EUR	41.19%	EQ	
EUCOSO Sp. z o.o.	Zlotorya	60,000	PLN	49.00%	EQ	

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Wienerberger B.V.	**Zaltbommel**	**36,778,680**	**EUR**	**100.00%**	**VK**	
Van Hesteren & Janssens B.V.	Zaltbommel	363,024	EUR	100.00%	VK	
Desimpel AK1 B.V.	Zaltbommel	70,000	EUR	100.00%	VK	
BrickTrading Holland B.V.	Zaltbommel	18,000	EUR	100.00%	VK	
German Brick Trading B.V.	Deest	249,700	EUR	100.00%	VK	
Oostergrachstwal Holding B.V.	Zaltbommel	45,378	EUR	100.00%	VK	
Feikema B.V.	Zaltbommel	45,378	EUR	100.00%	VK	
Gelsing Oosterhout B.V.	Zaltbommel	18,200	EUR	100.00%	VK	
Gelsing en Verbaan B.V.	Zaltbommel	18,151	EUR	100.00%	VK	
Bos & Vermeer B.V.	Zaltbommel	22,689	EUR	100.00%	VK	
Aberson B.V.	Zwolle	60,000	EUR	100.00%	VK	
Steencentrale Neerbosch B.V.	Deest	45,400	EUR	100.00%	VK	
Leeuwis B.V.	Deest	91,210	EUR	100.00%	VK	
Steinzentrale Nord Leeuwis GmbH	Rellingen	52,500	EUR	100.00%	VK	
Desimpel Klinker (Deutschland) GmbH	Emmerich	25,000	EUR	100.00%	VK	
Straatsbaksteen Nederland B.V.	Oosterhout	18,000	EUR	100.00%	VK	
Wienerberger Limited	**Cheadle**	**63,002,552**	**GBP**	**100.00%**	**VK**	
Galileo Brick Limited	Cheadle	2,000,000	GBP	100.00%	VK	
Chelwood Group Unlimited	Cheadle	5,975,506	GBP	100.00%	VK	
The Brick Business Limited	Cheadle	900,002	GBP	100.00%	VK	
Building Trade Products Limited	Cheadle	1	GBP	100.00%	VK	
Galileo Trustee Limited	Cheadle	1	GBP	100.00%	VK	
Sandtoft Roof Tiles Limited	Sandtoft	11,029	GBP	73.64%	VK	
Sandtoft Trading Limited	Sandtoft	1,000	GBP	73.64%	VK	
WIENERBERGER PARTICIPATIONS SAS	**Achenheim**	**36,000,000**	**EUR**	**100.00%**	**VK**	
WIENERBERGER SAS	Achenheim	75,000,000	EUR	100.00%	VK	
PACEMA SAS	Achenheim	3,800,000	EUR	100.00%	VK	
Société du Terril d'Hulluch (STF) SNC	Achenheim	300,000	EUR	100.00%	OK	1)
Desimpel Briques SAS	Cauchy à la Tour	3,821,410	EUR	100.00%	VK	
Briqueterie de Rouffach SAS	Rouffach	336,120	EUR	100.00%	VKE	
Wienerberger A/S	**Helsinge**	**107,954,000**	**DKK**	**100.00%**	**VK**	
Wienerberger AS	Lunde	43,546,575	NOK	100.00%	VK	
Wienerberger AB	Bjärred	17,550,000	SEK	100.00%	VK	
GSI General Shale, Inc	**Johnson City**	**5,491**	**USD**	**100.00%**	**VK**	
General Shale Brick, Inc.	Johnson City	1,000	USD	100.00%	VK	
General Shale Finance S.à.r.l.	Luxemburg	12,500	EUR	100.00%	OK	1)
General Shale Building Materials, Inc.	Johnson City	1,000	USD	100.00%	VK	
General Shale Canada Acquisitions Inc.	**Halifax**	**28,500,000**	**CAD**	**100.00%**	**VK**	
Arriscraft International LP	Cambridge	1	CAD	100.00%	VK	
General Shale Canada GP Inc.	Halifax	1	CAD	100.00%	OK	1)
1741785 Ontario Inc.	Toronto	100	CAD	100.00%	OK	1)

Company	Headquarters	Share capital	Currency	Interest	Type of consolidation	Notes
Wienerberger EOOD	**Sofia**	**4,000,000**	**BGN**	**100.00%**	**VK**	
Uspeh AD	Sofia	1,471,040	BGN	99.51%	VK	
Agro Property Bulgaria EOOD	Sofia	5,000	BGN	100.00%	OK	1)
OOO "Wienerberger Kirpitsch"	**Kiprewo**	**1,262,730,657**	**RUR**	**81.94%**	**VK**	
OOO "Wienerberger Kurkachi"	Kurkachi	650,036,080	RUR	81.94%	VKE	
OOO "Wienerberger Investitions- und Projektmanagement"	Kiprewo	356,000	RUR	99.82%	VK	
Wienerberger OY AB	**Helsinki**	**1,000,000**	**EUR**	**100.00%**	**VK**	
Wienerberger AS	**Aseri**	**24,074,000**	**EEK**	**100.00%**	**VK**	
UAB Wienerberger Statybine Keramika Sp. Z o.o.	**Vilnius**	**3,135,000**	**LTL**	**100.00%**	**VK**	
Wienerberger Brick Industry Private Limited	**Bangalore**	**990,000,000**	**INR**	**100.00%**	**VK**	
PIPELIFE International GmbH	**Wr. Neudorf**	**29,000,000**	**EUR**	**50.00%**	**EQ**	**2)**
Wienerberger Dach Beteiligungs GmbH	**Wien**	**500,000**	**ATS**	**100.00%**	**VK**	
WIBRA Tondachziegel Beteiligungs-GmbH	Wien	500,000	ATS	50.00%	QU	
Tondach Gleinstätten AG	Gleinstätten	500,000	EUR	25.00%	EQ	3)
Wienerberger Beteiligungs GmbH	**Wien**	**1,000,000**	**ATS**	**100.00%**	**VK**	
Wienerberger Anteilsverwaltung GmbH	Wien	35,000	EUR	100.00%	VK	
Tondach Holding GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger Industriebeteiligungsverwaltung GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger Finance Service B.V.	Zaltbommel	18,000	EUR	100.00%	VK	
Wienerberger Finanz Service GmbH	Wien	25,435,492	EUR	100.00%	VK	
Wienerberger West European Holding GmbH	Wien	35,000	EUR	100.00%	VK	
Wienerberger ZZ Holding GmbH	Wien	35,000	EUR	100.00%	VK	
WK Services NV	Kortrijk	32,226,158	EUR	100.00%	VK	
V.L. Baustoff GmbH	Ehingen	52,000	EUR	100.00%	VKE	
Wienerberger Beteiligungs GmbH	Hannover	26,000	EUR	100.00%	OK	1)
Dryfix GmbH	Hennersdorf	35,000	EUR	100.00%	OK	1)
Wienerberger Gamma Asset Management	Wien	35,000	EUR	100.00%	VK	
Steinzeug Abwassersysteme GmbH	**Frechen**	**18,408,000**	**EUR**	**100.00%**	**VKE**	
Keramo Steinzeug NV	Hasselt	9,400,000	EUR	100.00%	VKE	
Keramo Wienerberger Immo NV	Hasselt	14,068,558	EUR	100.00%	VKE	
Limburgs Transportbedrijf BVBA	Hasselt	18,900	EUR	100.00%	VKE	
Societa del Gres s.p.a.	Sorisole	2,000,000	EUR	100.00%	VKE	
Keramo Steinzeug s r.o.	Ceske Budejovice	40,000,000	CZK	100.00%	OKE	1)

VK........ Full consolidation
VKE...... First time full consolidation
QU........ Proportionate consolidation
QUE..... First time proportionate consolidation
EQ........ Equity consolidation
EQE...... First time equity consolidation
OK........ No consolidation
OKE...... No consolidation (first time)

1) Immaterial
2) Holding company of Pipelife Group
3) Holding company of Gleinstätten Group

Auditor’s Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ***Wienerberger AG, Vienna,*** for the year from ***1 January 2010 to 31 December 2010.*** These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2010, the consolidated income statement/consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2010 and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2010 and of its financial performance and its cash flows for the year from 1 January to 31 December 2010 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

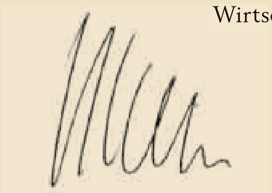
Report on the Management Report for the Group

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

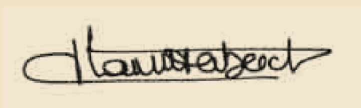
In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, February 21, 2011

KPMG
Wirtschaftsprüfungs- und Steuerberatungs GmbH



Mag. Helmut Kerschbaumer
Wirtschaftsprüfer



Lieve Van Utterbeeck
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(Austrian Chartered Accountants)

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Glossary

Acquisition Expenditure for the purchase of a company or share in a company (vs. investment – see below)

ADR American Depository Receipt: deposit certificates that confirm ownership of a foreign stock and are traded on US stock exchanges or over-the-counter as shares; US banks buy stock and issue ADR's in order to give foreign companies access to the US capital market

Asset coverage Equity divided by non-current assets; indicates to what percent land, buildings, machinery etc. are covered by equity

ATX Abbreviation for the "Austrian Traded Price Index" of the Vienna Stock Exchange

BB (S&P)/Ba1 (Moody's) Corporate ratings (see below); unfavorable economic developments could impair the ability of a company to make interest payments or repay debt

Bearer shares Shares that are not issued to a specific person; the rights to these securities accrue to the person who holds them

Bolt-on projects Construction of new plants, capacity upgrades or smaller acquisitions that carry synergy potential through integration in existing operations

CAGR Compound Annual Growth Rate

Call option Derivative financial instrument; option to purchase the underlying (asset, stock, etc.) for a certain price on a certain date or during a certain period of time

Capital employed (CE) Equity plus interest-bearing debt (incl. net inter-company balance) less liquid funds and financial assets; the sum of capital engaged in a company

Capital employed, historical Capital employed at historical purchase prices; capital employed plus accumulated depreciation

CFROI Cash Flow Return on Investment; ratio of operating EBITDA to average historical capital employed

Clay blocks Bricks made of burned clay, which are normally used as perforated bricks under plaster

Clay roof tiles Roof tiles made of burned clay in various shapes and colors

Common shares Shares that carry full rights in a stock corporation (including participation in the Annual General Meetings, voting rights and dividend rights)

Corporate governance Rules for the responsible management and control of companies that are set forth in the Austrian Corporate Governance Code

Covenant (financial) A clause in a credit agreement that obliges the borrower not to exceed or fall below a specific indicator

Cross currency swap Agreement between contract partners to exchange cash flows in two different currencies over a certain period of time; a hedge against foreign currency fluctuations

CSR Corporate social responsibility; voluntary activities of a company that support social interests and environmental issues

CVA Cash Value Added; operating EBITDA – (average historical capital employed x hurdle rate)

Deferred taxes The result of timing differences in the valuation of individual company financial statements prepared according to IFRS and tax law

Depreciation, economic The value that must be earned each year in order to cover expenses for replacement investments at the end of an asset's useful life

Depreciation ratio Depreciation (excluding impairment charges to goodwill and assets) as a percentage of revenues

EBIT Earnings before interest and taxes, or operating profit

EBITDA Earnings before interest, taxes, depreciation and amortization, or operating profit before depreciation and amortization = gross cash flow

EBITDA margin EBITDA divided by revenues

EPS Earnings per share, net profit divided by the weighted number of shares outstanding minus treasury stock

Equity method Valuation method used for the consolidation of investments between 20% and 50% in other companies

Equity ratio Equity divided by total assets

EVA Economic Value Added, or the difference between the return on capital employed and cost of capital; average capital employed x (ROCE – WACC)

Facing brick External brick layer of two-layer non-load bearing exterior walls for buildings (face wall – air layer below/above insulation – rear wall)

Forward exchange contract Foreign exchange transaction that is not realized at conclusion of the relevant contract, but at a later point in time; a hedge against exchange rate fluctuations

Free cash flow Cash flow from operating activities less cash flow from investing activities + growth investments; the amount of cash earned in the current year that is available for expansion projects, dividends and the repayment of debt or share buy-backs

Free float company Publicly traded corporation with a majority share of free float

GARP investor Growth at a reasonable price; investor who aims to identify only those growth stocks that meet his/her criteria for buying at reasonable prices

Gearing Debt indicator; financial liabilities less liquid funds (securities, cash on hand and in banks, net intra-Group receivables/liabilities) divided by equity including non-controlling interests; an indicator of financial security

Goodwill Surplus of the price paid for a company over the net assets acquired

Hedging Measures used in the management of financial risk to limit or avoid negative market changes in the areas of interest rates, foreign currency, market values or raw materials

Hurdle rate Return that must be earned to cover the cost of capital and economic depreciation; WACC before tax + economic depreciation (see above)

Hybrid capital Subordinated perpetual corporate bond, which is ranked between equity and debt as mezzanine capital

IFRS International Financial Reporting Standards

Interest cover operating EBIT divided by interest result; indicates the number of times operating income will cover interest result

Interest rate swap Agreement to exchange cash flows with different terms over a specific period of time; these cash flows are based on fixed and variable interest rates; provides security against interest rate fluctuations

Investment grade rating Rating (also see below) between AAA (Aaa) and BBB (Baa), which underscores the good credit standing of a debtor and is a sign of relatively low risk for the bondholder

Investments Additions to plant, property and equipment and intangible assets (vs. acquisitions – see above)

Joint venture Agreement by two or more companies to jointly operate a business enterprise

Net debt Net sum of financial liabilities less cash and cash at bank and securities

NF Abbreviation for “Normalformat”, the standard size for clay blocks (250 x 120 x 65 mm)

NOPAT Net operating profit after tax, or operating profit less taxes and adjusted taxes (tax effects from financial results)

Paver Product made of clay or concrete, which is used in the design of gardens and public areas

P/E ratio Price/earnings ratio; an indicator for the market valuation of a stock

Proportionate consolidation Method used to consolidate joint ventures in which a 50% stake is owned

Rating Standardized evaluation of the credit standing of a company, which indicates the probability of insolvency or delayed payments

Return on equity Net profit divided by equity, or the rate of return on shareholders’ investments

ROCE Return on capital employed, or NOPAT divided by average capital employed = net yield on capital employed

Stock option Form of compensation that gives management and employees the right to purchase stock in their company at certain conditions if specific goals are reached

Strategic projects Acquisitions of larger competitors or companies with leading market positions or the construction of plants in new markets; these measures form the basis for future bolt-on projects (see above)

Total Shareholder Return (TSR) Average increase or decrease in the value of a stock investment over a specific period of time; based on gains and losses in the stock price and dividend payments

Translation risk Arises from the conversion of foreign currency items on the balance sheet; these foreign exchange fluctuations are not offset by balance sheet items in the same currency

Treasury Staff function to safeguard the financing, cash management and financial risk management of a company

UGB Unternehmensgesetzbuch (the Austrian Corporate Code)

WACC Weighted average cost of capital, or the average price a company must pay on financial markets for equity and debt

W/(m²K) Watt per sqm Kelvin; unit for thermal insulation value (R-value)

WF Abbreviation for “Waalformat”, the standard size for a facing brick (210 x 100 x 50 mm)

Financial Calendar

February 1, 2011	*Start of the quiet period*
February 22, 2011	Results for 2010: Press and Analysts Conference in Vienna
February 23, 2011	Analysts Conference in London
March 31, 2011	Publication of Annual Report 2010: on the Wienerberger website
April 19, 2011	*Start of the quiet period*
May 10, 2011	First Quarter Results for 2011
May 13, 2011	142nd Annual General Meeting in the Austria Center Vienna
May 17, 2011	Deduction of dividends for 2010 (ex-day)
May 19, 2011	First day of payment for 2010 dividends
July 27, 2011	*Start of the quiet period*
August 17, 2011	Results for the First Six Months of 2011: Press and Analysts Conference in Vienna
August 18, 2011	Analysts Conference in London
October 19, 2011	*Start of the quiet period*
November 9, 2011	Third Quarter Results for 2011
December 2011	Capital Markets Day 2011

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Bloomberg	WIE AV
Datastream	O: WNBA
ADR Level 1	WBRBY
ISIN	AT0000831706

Wienerberger Online Annual Report 2010:
http://annualreport.wienerberger.com

Ten-Year Review

Corporate Data		2001	2002	2003
Revenues	in € mill.	1,544.9	1,653.7	1,826.9
EBITDA	in € mill.	202.2	323.1	349.9
Operating EBITDA [1]	in € mill.	221.2	302.6	349.9
EBITDA margin [1]	in %	14.3	18.3	19.2
EBIT	in € mill.	-25.8	151.9	190.2
Operating EBIT [1]	in € mill.	66.2	151.6	190.2
Profit before tax	in € mill.	-62.7	119.5	154.3
Profit after tax	in € mill.	-17.8	85.9	113.1
Free cash flow	in € mill.	241.3	237.3	274.6
Total investments	in € mill.	228.0	181.3	392.6
Net debt	in € mill.	674.1	618.5	739.0
Capital employed	in € mill.	1,613.9	1,508.7	1,635.4
Gearing	in %	66.9	63.6	75.2
Interest cover [2]		-0.7	4.4	5.3
Return on equity [3]	in %	-1.8	9.0	11.5
ROCE [4]	in %	4.0	7.1	8.4
EVA® [4]	in € mill.	-48.1	1.4	22.4
CFROI [5]	in %	7.3	10.0	12.1
CVA [5]	in € mill.	-141.0	-59.5	3.0
Employees [6]		11,331	11,478	12,237

Stock Exchange Data		2001	2002	2003
Earnings per share	in €	-0.29	1.31	1.71
Adjusted earnings per share [1]	in €	0.83	1.57	2.01
Dividend per share	in €	0.60	0.66	0.77
Dividends	in € mill.	38.8	42.7	49.8
Equity per share [7]	in €	14.8	15.1	15.2
Share price at year-end	in €	15.75	16.95	21.18
Shares outstanding (weighted) [8]	in 1,000	67,975	64,640	64,645
Market capitalization at year-end	in € mill.	1,093.9	1,106.5	1,382.6

Condensed Balance Sheet		2001	2002	2003
Non-current assets	in € mill.	1,556.3	1,460.9	1,601.9
Inventories	in € mill.	331.8	370.2	348.4
Other assets	in € mill.	543.8	491.1	598.2
Balance sheet total	in € mill.	2,431.9	2,322.2	2,548.5
Equity [9]	in € mill.	1,008.0	973.1	983.0
Provisions	in € mill.	283.1	310.1	307.0
Liabilities	in € mill.	1,140.8	1,039.0	1,258.5

1) Adjusted for non-recurring income and expenses
2) Operating EBIT / Interest result
3) Profit after tax / Equity
4) Since 2005 financial year calculation based on average capital employed
5) Since 2005 financial year calculation based on average historical capital employed and unrounded data
6) Average number of employees during the year

2004	2005	2006	2007	2008	2009	2010	CAGR 2001-2010
1,758.8	1,954.6	2,225.0	2,477.3	2,431.4	1,816.9	1,744.8	+1%
405.4	429.3	476.6	551.2	396.6	157.5	210.8	0%
405.4	428.4	471.9	551.2	440.1	208.6	210.8	-1%
23.1	21.9	21.2	22.3	18.1	11.5	12.1	
257.5	269.6	297.5	353.1	158.1	-258.1	10.7	>100%
257.5	270.3	303.1	353.1	239.8	19.0	10.7	-18%
231.4	251.3	277.3	358.4	123.1	-295.6	-40.8	+5%
181.8	196.4	218.3	295.8	103.3	-258.7	-34.9	-8%
300.7	212.5	272.1	293.8	195.4	250.8	176.8	-3%
632.6	338.7	530.4	645.6	505.6	134.2	149.8	-5%
762.4	934.4	1,159.8	566.8	890.2	408.0	374.5	-6%
2,031.5	2,289.4	2,598.2	3,060.2	3,252.2	2,816.8	2,779.5	+6%
55.8	63.0	72.9	21.2	35.6	16.0	14.8	
7.7	6.2	6.2	8.2	5.7	0.5	0.2	
13.3	13.2	13.7	11.1	4.1	-10.2	-1.4	
9.7	9.4	9.4	10.1	6.2	0.2	0.2	
43.8	41.5	45.7	72.8	-27.8	-207.3	-182.4	
12.9	12.9	12.6	13.0	9.3	4.3	4.3	
28.6	28.7	23.8	42.8	-103.0	-353.8	-354.2	
12,154	13,327	13,639	14,785	15,162	12,676	11,848	0%

2004	2005	2006	2007	2008	2009	2010	CAGR 2001-2010
2.54	2.66	2.95	3.46	0.81	-3.17	-0.57	-8%
2.54	2.67	3.02	3.46	1.69	-0.34	-0.57	<-100%
1.07	1.18	1.30	1.45	0.00	0.00	0.10	-18%
78.7	86.4	95.3	120.5	0.0	0.0	11.7	-12%
19.6	20.3	21.7	28.9	24.2	22.5	17.4	+2%
35.15	33.80	45.00	37.93	11.90	12.78	14.29	-1%
69,598	73,196	73,309	75,491	82,895	91,297	116,528	+6%
2,607.0	2,506.9	3,337.6	3,184.1	999.0	1,502.0	1,679.5	+5%

2004	2005	2006	2007	2008	2009	2010	CAGR 2001-2010
2,012.7	2,232.1	2,531.6	2,915.8	3,011.0	2,726.0	2,727.4	+6%
391.4	445.9	509.8	669.8	720.0	552.4	569.6	+6%
461.8	591.6	632.9	744.3	652.9	809.0	762.3	+4%
2,865.9	3,269.6	3,674.3	4,329.9	4,383.9	4,087.4	4,059.3	+6%
1,367.2	1,483.1	1,591.4	2,672.7	2,497.2	2,547.0	2,525.7	+11%
271.0	273.7	288.1	313.4	316.5	277.1	284.5	0%
1,227.7	1,512.8	1,794.8	1,343.8	1,570.2	1,263.3	1,249.1	+1%

7) Equity including non-controlling interests; excluding hybrid capital
8) Adjusted for treasury stock, adjusted for 1:8 stock split (1999)
9) Equity including non-controlling interests and hybrid capital

Notes: The above data reflect figures reported in the relevant year; no retroactive adjustments were made for deconsolidated segments (included are Treibacher until 1999, Steinzeug until 2002, Pipelife until 2003).

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The Annual Report and Annual Financial Statements for 2010, which were released on March 31, 2011 and presented at the 142nd Annual General Meeting on May 13, 2011 in Vienna, are also available for download under www.wienerberger.com. Available in German and English.

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