

Q1

Report on the 1st quarter of 2008

FINANCIAL HIGHLIGHTS

Financial highlights		Q1 2008	Q1 2007	Full year 2007
Revenue	EUR m	18.4	16.0	96.1
Hungary	EUR m	11.4	11.4	57.2
Austria	EUR m	3.1	2.4	19.4
Romania	EUR m	3.1	1.5	8.6
Total output	EUR m	17.0	16.2	98.8
EBITDA	EUR m	-0.4	-0.2	9.4
EBIT	EUR m	-1.6	-1.3	4.6
EBIT margin	%	-9.3	-8.2	4.8
POA	EUR m	-3.8	-1.4	1.2
Profit after tax	EUR m	-3.0	-1.3	1.8
Profit for the period	EUR m	-2.7	-1.0	1.8
Capital expenditure	EUR m	2.6	5.6	26.4
Total equity and liabilities	EUR m	117.4	107.0	120.2
Equity	EUR m	23.0	25.7	27.2
Equity ratio (inc. minorities)	%	19.6	24.1	22.6
Capital Employed	EUR m	97.3	81.8	95.5
Gearing	%	430	320	350
Employees		831	760	797
Hungary		510	544	545
Austria		141	136	153
Romania		180	80	99
Key share performance indicators				
Dividend per share	EUR	0,3	0.3	0.3
Earnings per share	EUR	-4.04	-1.47	2.71
Weighted average number of shares		659,999	659,999	659,999
High	EUR	102.8	90.0	140.0
Low	EUR	86.0	42.0	42.0
Year-end closing price	EUR	92.9	87.1	99.9

Share price

SW-Umwelttechnik

Jan. 2007 – March 2008



Record €52.1 million order backlog as at 30 April 2008

First quarter revenue up by 15%

Forecast for 2008: revenue to rise by 20%, EBIT by 30%

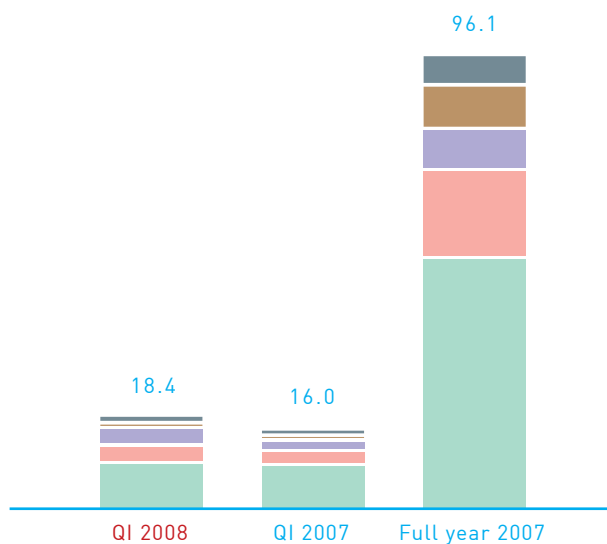
SW Umwelttechnik posted excellent results for the first quarter of 2008. We are predicting full-year revenue growth of about 20%, and a 30% increase in EBIT for 2008 as a whole. Order backlog stood at a record €52.1 million (m) as at 30 April 2008.

OPERATIONAL REVIEW

PERFORMANCE AND EARNINGS

Revenue for the first quarter of 2008 advanced to €18.4m from €16m in the like period of 2007. The improvement was largely driven by a strong performance from the booming Infrastructure sector, which lent weight to the strong revenue forecast for 2008. Meanwhile the percentage revenue contribution from our Romanian operations doubled year on year. First quarter EBIT was negative by €1.6m (Q1 2008: loss of €1.3m), in line with the normal seasonal pattern. The loss on ordinary activities of €3.8m (Q1 2007: €1.4m) reflects book losses on exchange rate movements amounting to €1.3m (Q1 2007: exchange gains of €0.4m). By 30 April 2008 the exchange losses had already narrowed to €0.4m.

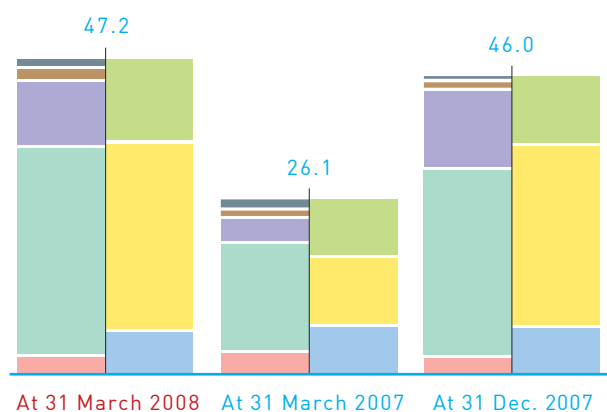
Revenue in EUR m



ORDER BACKLOG

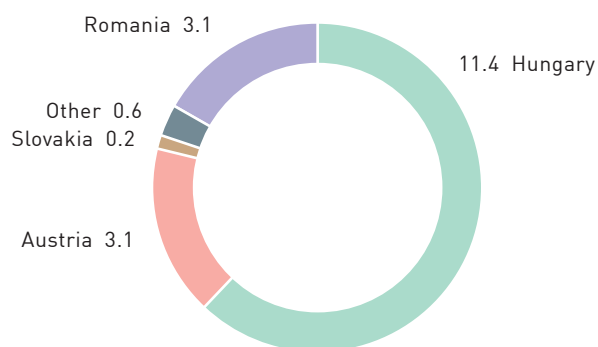
Order backlog was an outstanding €47.2m at 31 March 2008 and €52.1m at 30 April 2008. The increase was mainly reflected strong order intake in Hungary and Romania. For instance, we won a contract to supply a wastewater treatment plant currently under construction in Budapest. The order, worth €3.0m, is for the production and supply of reinforced concrete and jacking pipes. We also received a €2.0m order for products for a sewer network rehabilitation and upgrading project in Suceava, in eastern Romania.

Order backlog in EUR m

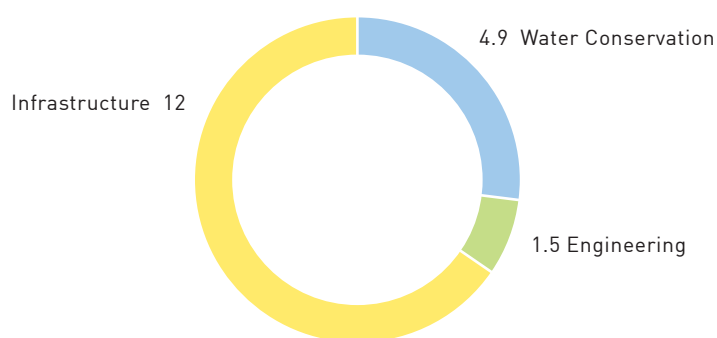


■ Hungary
 ■ Austria
 ■ Romania
 ■ Slovakia
 ■ Other
 ■ Engineering
 ■ Infrastructure
 ■ Water Conservation

Revenue by geographical markets in EUR m



Revenue by business sectors in EUR m



SEGMENTAL REPORT

As predicted, the segmental revenue breakdown in the first quarter shows a marked shift towards the Infrastructure business sector, which accounted for 65.2 % of the total (Q1 2007: 56 %). Water Conservation accounted for 26.8 % of Group revenue (Q1 2007: 31.3 %) and Engineering for 8 % (Q1 2007: 12.6 %).

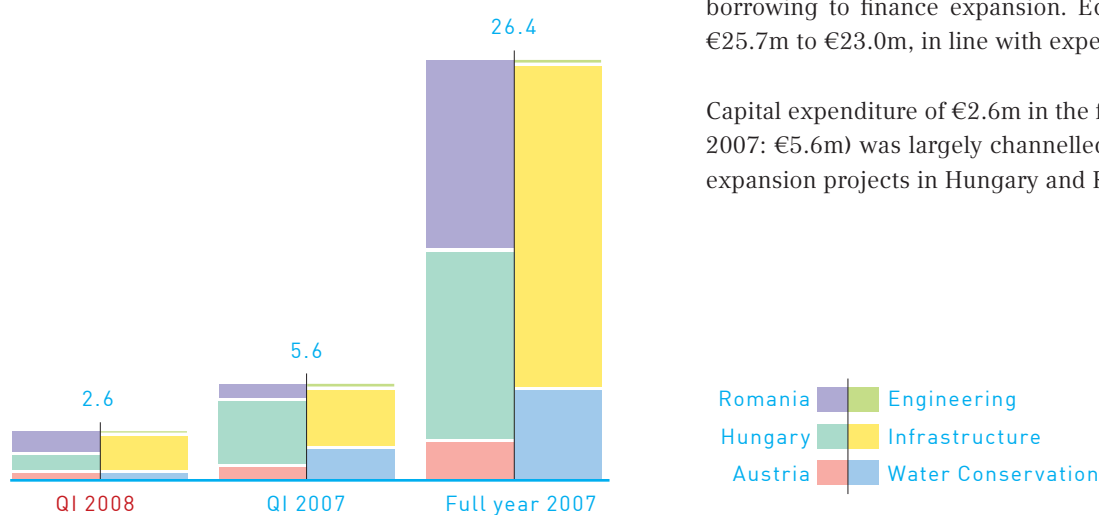
The largest geographical market was Hungary at 62.1 % (Q1 2007: 71.4 %) of Group revenue, while Romania's contribution was already up to 16.8 % (Q1 2007: 9.4 %), almost double its share a year earlier. The share of revenue attributable to Austria was also up, from 15.3 % to 16.7 %.

ASSETS AND FINANCES

Non-current assets rose to €75.6m (31 March 2007: €62.1m) as a result of the large-scale investment programme carried out in 2007. We succeeded in trimming current assets from €44.9m to €41.8m. Total assets ended the first quarter 10 % up year on year, at €117.4m (31 March 2007: €107.0m).

EUR '000	Q1 2008	As % of total	Q1 2007	As % of total	year 2007	As % of total
Assets	117,399	100.0	106,978	100.0	120,194	100.0
Non-current assets	75,604	64.4	62,099	58.0	75,707	63.0
Current assets	41,795	35.6	44,879	42.0	44,487	37.0
Equity and liabilities	117,399	100.0	106,978	100.0	120,194	100.0
Equity	23,006	19.6	25,743	24.1	27,211	22.6
Non-current liabilities	44,184	37.6	26,882	25.1	41,153	34.3
Current liabilities	50,209	42.8	54,353	50.8	51,830	43.1

Investment in EUR m



Financial liabilities climbed from €58.6m to €75.5m due to borrowing to finance expansion. Equity edged down from €25.7m to €23.0m, in line with expectations.

Capital expenditure of €2.6m in the first quarter of 2008 (Q1 2007: €5.6m) was largely channelled into the completion of expansion projects in Hungary and Romania.

OUR SHARE

Shareholders' confidence in SW Umwelttechnik's successful strategy remains strong. Following an outstanding performance in 2007, after our return to the prime market segment of the Vienna Stock Exchange on 21 May 2007 our share price held its ground well in the first quarter of 2008. On 2 May 2008 the Annual General Meeting resolved a dividend of €0.30 per share for the 2007 financial year.

Share price



MATERIAL RISKS

Due to its expansion in Central and Southeastern Europe, and the overall internationalisation of its operations, SW Umwelttechnik is confronted with a number of factors that are part of the ordinary course of business but in some cases represent risks. Modern risk management methods make it possible to quantify positive and negative deviations of performance from corporate targets. Identifying the variables that determine performance in good time, so as to modify them in such a way that the business opportunities they present can be exploited, is one of the central tasks of the Management Board and all of the Group's senior executives.

SW Umwelttechnik Group's risk management methods are described in detail in the 2007 annual report (see pages 58–61).

As at 31 March 2008, the Group faced no identifiable during the current financial year posing a threat to its survival, either individually or in combination with other risks.

OUTLOOK

Our expectation of a 20% increase in full-year revenue reflects order intake in Romania, the Group's uncontested market leadership in Hungary, the success of the current export drive and innovative product developments. The disproportionate 30% year-on-year increase in EBIT projected for 2008 is based on the anticipated positive contribution to earnings from the investments made in Romania.

➤ Romania

In Romania the Timisoara and Bucharest plants are now fully operational. The second development phase involving the installation of capacity for water conservation products at the Bucharest site is scheduled for completion by mid-2009. Work on the construction of the Targu Mures plant in central Transylvania is due to commence in mid-2009.

➤ Austria

In Austria we have consolidated our market shares, and expect to post a significant year-on-year increase in revenue.

➤ Hungary

In Hungary the fall-off in the revenue contribution of the Engineering sector because of current public spending cuts is being more than offset by sales to industrial and commercial customers, and exports to Slovakia.

➤ CSE

SW Umwelttechnik is going ahead with plans to export from Hungary and Romania to Bulgaria, Moldova, Serbia and Ukraine. Meanwhile steps are also being taken to acquire land for additional factories.

Klagenfurt, 30 May 2007

Bernd Hans Wolschner
Management Board

Klaus Einfalt
Management Board

GROUP INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

ASSETS

	31 March 2008 EUR '000	31 March 2007 EUR '000	31 Dec. 2007 EUR '000
Non-current assets			
Intangible assets	904	955	945
Property, plant and equipment	72,308	60,278	72,808
Financial investments	764	740	759
	73,976	61,973	74,512
Other non-current assets			
Deferred tax assets	1,628	126	1,195
	75,604	62,099	75,707
Current assets			
Inventories	15,161	12,927	16,779
Construction contracts gross amount due from customers	760	1,929	1,596
Receivables and other assets	25,385	28,205	22,991
Cash and cash equivalents	489	1,818	3,121
	41,795	44,879	44,487
	117.399	106.978	120.194

EQUITY AND LIABILITIES

	31 March 2008 EUR '000	31 March 2007 EUR '000	31 Dec. 2007 EUR '000
Equity			
Share capital	4,798	4,798	4,798
Capital reserve	5,956	5,956	5,956
Treasury shares	-189	0	0
Translation reserve	-2,531	-291	-1,528
Retained earnings	11,985	11,721	14,649
	20,019	22,184	23,875
Minority interests	2,987	3,559	3,336
	23,006	25,743	27,211
Non-current liabilities			
Long-term borrowings	41,072	23,450	37,674
Deferred tax liabilities	860	1,001	1,243
Provisions for termination and retirement benefits	2,252	2,420	2,236
Government grants	0	11	0
	44,184	26,882	41,153
Current liabilities			
Short-term borrowings	34,430	35,158	34,536
Construction contracts gross amount due to customers	311	1,012	1,363
Tax provisions	4	0	31
Other provisions	117	120	119
Other liabilities	15,347	18,063	15,781
	50,209	54,353	51,830
	117,399	106,978	120,194

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDING 31 MARCH 2008

	1 Jan. – 31 March 2008 EUR	1 Jan. – 31 March 2007 EUR
1. Revenue	18,432	15,960
2. Work performed by the entity and capitalised	87	117
3. Other operating income	182	185
4. Changes in work in progress, finished goods and services not yet invoiced	-1,513	95
5. Materials and external services	-8,896	-8,933
6. Staff costs	-4,254	-3,782
7. Depreciation and amortisation expense	-1,200	-1,144
8. Other operating expenses	-4,426	-3,823
9. Operating profit	-1,588	-1,325
10. Net finance costs	-2,200	-92
11. Share of profit of associates	23	15
12. Profit before tax	-3,765	-1,402
13. Income tax expense	790	139
14. Profit after tax	-2,975	-1,263
15. Minority interests	311	292
16. Profit for the period	-2,664	-971
Earnings per share (diluted and undiluted)	-4.04 EUR	-1.47 EUR

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDING 31 MARCH 2008

	1 Jan. - 31 March 2008 EUR '000	1 Jan. - 31 March 2007 EUR '000
Profit on ordinary activities	-3,765	-1,402
+ Depreciation and amortisation	1,200	1,144
+/- Losses/gains on disposal of non-current assets	169	-9
+ Net interest paid/received	928	541
- Interest paid	-889	-572
+ Interest received	75	31
+/- Change in long-term provisions	16	-16
- Income taxes paid	-53	0
Operating profit before working capital changes	-2,319	-283
+ Change in inventories and construction contracts	2,454	1,014
- Change in receivables and other assets	-3,600	-7,731
-/+ Change in liabilities	-302	4,961
-/+ Change in short-term provisions and accrued liabilities	-1,032	115
Net cash from operating activities	-4,799	-1,924
- Deconsolidation of subsidiaries	0	-1
- Acquisition of property, plant and equipment and intangible non-current assets	-2,646	-5,591
-/+ Acquisition of financial investments	-5	88
+ Proceeds from sale of non-current assets	182	99
Net cash used in investing activities	-2,469	-5,405
Dividends paid	0	0
Capital increase	0	0
- Purchase of own shares	-189	0
Purchase of minority interests	0	0
+ Change in long-term borrowings	4,480	2,108
-/+ Change in short-term borrowings	-220	6,578
Net cash from financing activities	4,071	8,686
Net change in cash and cash equivalents	-3,197	1,357
+ Cash and cash equivalents at beginning of year	3,121	632
-/+ Net change in cash and cash equivalents	-3,197	1,357
+/- Foreign exchange differences	565	-171
Cash and cash equivalents at end of year	489	1,818

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS
ENDING 31 MARCH 2008

	Share capital	Capital reserve	Treasury shares	Translation reserve	Retained earnings	Minority interests	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
At 1 January 2008	4,798	5,956	0	-1,528	14,649	3,336	27,211
Profit for the period/ minority interests	0	0	0	0	-2,664	-311	-2,975
Foreign currency translation	0	0	0	-539	0	-38	-577
Effects of net investment approach	0	0	0	-464	0	0	-464
Total recognised income and expense for the period	0	0	0	-1,003	-2,664	-349	-4,016
Purchase of own shares	0	0	-189	0	0	0	-189
Dividends	0	0	0	0	0	0	0
At 31 March 2008	4,798	5,956	-189	-2,531	11,985	2,987	23,006
At 1 January 2007	4,798	5,956	0	-772	12,692	3,816	26,490
Profit for the period/ minority interests	0	0	0	0	-971	-292	-1,263
Foreign currency translation	0	0	0	351	0	35	386
Effects of net investment approach	0	0	0	130	0		130
Total recognised income and expense for the period	0	0	0	481	-971	-257	-747
Dividends	0	0	0	0	0	0	0
At 31 March 2007	4,798	5,956	0	-291	11,721	3,559	25,743

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2008

The consolidated interim financial statements for the three months ending 31 March 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU.

In accordance with IAS 34, this abridged interim report does not contain all the information and disclosures that are mandatory for an annual report. This report should therefore be read together with the consolidated financial statements of SW Umwelttechnik Stoiser & Wolschner AG for the year ended 31 December 2007.

SCOPE OF CONSOLIDATION

With one exception, the scope of consolidation was unchanged as compared to 31 December 2007. UT Immobilienverwaltungsgesellschaft m. b. H., domiciled in Germany, was deconsolidated on 1 January 2008; this is a discontinued operation.

ACCOUNTING AND MEASUREMENT METHODS

The same accounting and measurement methods as those applied in the financial year ended 31 December 2007 continued to be used.

FOREIGN CURRENCY TRANSLATION

The Group's functional currency is the euro, and those of the foreign subsidiaries are the respective local currencies.

The annual financial statements of foreign subsidiaries and joint ventures have hence been translated as follows, using the modified closing rate method, in accordance with IAS 21:

- ↗ Assets and liabilities at the closing rate at the balance sheet date;
- ↗ Income and expenses at the average rate for the year;
- ↗ Equity items at the exchange rate at the date of the transaction.

The following exchange rates have been applied:

Currency		Rate at balance sheet date		Rate for period	
		31 March 2008	31 March 2007	Q1 2008	Q1 2007
HUF / EUR	Hungarian forint	259.4	247.8	261.0	253.2
RON / EUR	Romanian lei	3.73	3.35	3.73	3.39

Currency		Rate at balance sheet date		Rate for year	
		31 Dec. 2007	31 Dec. 2006	2007	2006
HUF / EUR	Hungarian forint	253.7	251.8	251.4	264.1
RON / EUR	Romanian lei	3.61	3.38	3.34	3.51

The income statement for the first quarter includes €1,272,000 in exchange losses (Q1 2007: €449,000 exchange gain)

SEGMENTAL REPORT

Analysis of revenue by primary segments

	Q1 2008		Q1 2007		Full year 2007	
	EUR '000	%	EUR '000	%	EUR '000	%
Water Conservation	4,947	26.8	4,999	31.3	28,601	29.8
Engineering	1,467	8.0	2,018	12.7	17,957	18.7
Infrastructure	12,018	65.2	8,943	56.0	49,509	51.5
	18,432		15,960		96,067	

Analysis of capital expenditure by primary segments

	Q1 2008		Q1 2007		Full year 2007	
	EUR '000	%	EUR '000	%	EUR '000	%
Water Conservation	330	12.5	1,951	34.9	5,716	21.6
Engineering	25	0.9	82	1.5	126	0.5
Infrastructure	2,291	86.6	3,558	63.6	20,586	77.9
	2,646		5,591		26,428	

Analysis of revenue by secondary segments

	Q1 2008		Q1 2007		Full year 2007	
	EUR '000	%	EUR '000	%	EUR '000	%
Austria	3,075	16.7	2,439	15.3	19,381	20.2
Hungary	11,449	62.1	11,393	71.4	57,197	59.5
Romania	3,093	16.8	1,506	9.4	8,608	9.0
Slovakia	249	1.3	117	0.7	6,610	6.9
Other	566	3.1	505	3.2	4,271	4.4
	18,432		15,960		96,067	

Analysis of capital expenditure by secondary segments

	Q1 2008		Q1 2007		Full year 2007	
	EUR '000	%	EUR '000	%	EUR '000	%
Austria	255	9.6	702	12.6	2,317	8.8
Hungary	1,162	43.9	4,174	74.6	12,138	45.9
Romania	1,229	46.5	715	12.8	11,973	45.3
Slovakia	0	0.0	0	0.0	0	0.0
Other	0	0.0	0	0.0	0	0.0
	2,646		5,591		26,428	

EMPLOYEES

	Q1 2008			Q1 2007			Full year 2007		
	Salaried staff	Non-salaried staff	Total	Salaried staff	Non-salaried staff	Total	Salaried staff	Non-salaried staff	Total
Austria	60	81	141	58	78	136	59	94	153
Hungary	179	331	510	152	392	544	162	383	545
Romania	40	140	180	25	55	80	36	63	99
	279	552	831	235	525	760	257	540	797

DIVIDEND

A dividend of €0.30 per share (2006: €0.30) for the 2007 financial year was resolved at the Annual General Meeting, held on 2 May.

REPURCHASE OF OWN SHARES

In March 2008 the Group repurchased 2,000 own shares at an average price of €94.5 per share, for an amount totalling €189,000.

SEASONAL BUSINESS

Due to weather conditions there are seasonal fluctuations in product deliveries and project completions, as construction activity is limited during the winter months. Because of this, first-quarter revenue only accounts for 10–15% of the annual total. The second and third quarters are normally stronger.

RELATED PARTY DISCLOSURES

There were no material differences in business relationships with related parties as compared with those disclosed in the 2007 annual report.

FINANCIAL INSTRUMENTS

No financial instruments additional to those disclosed in the 2007 annual report were used during the period under review.

EVENTS AFTER THE BALANCE SHEET DATE

There were no post balance sheet events either affecting the present interim financial statements or otherwise of material importance.

OTHER COMMITMENTS, LITIGATION AND CONTINGENT LIABILITIES

There were no changes in other commitments, litigation and contingent liabilities as compared to those disclosed in the 2007 annual report.

DECLARATION OF THE MANAGEMENT BOARD

To the best of our knowledge this abridged, unaudited interim report for the three months ending 31 March 2008, drawn up in accordance with International Financial Reporting Standards (IFRS), gives a true and fair view of the Group's assets, finances and earnings).

Klagenfurt, 30 May 2007



Bernd Hans Wolschner
Management Board



Klaus Einfalt
Management Board

FINANCIAL CALENDAR

[27. Aug. 2008 Report on the second quarter](#)

[17. Nov. 2008 Report on the third quarter](#)

SHAREHOLDER INFORMATION

Security ID number:	AT 0000080820
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Reuters:	SWUT.VI
Datastream:	0:SWU
Index:	WBI
Listing:	Prime market auction / auction with market makers, Vienna Stock Exchange

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