



# **SEMI-ANNUAL FINANCIAL REPORT**

**AS OF 30 JUNE 2010**



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# INTRODUCTION BY THE MANAGEMENT

The first half-year of 2010 has developed steadily and satisfactorily for ALPINE as could be expected according to circumstances. A construction output of 1.39 billion Euros was achieved due to the ongoing difficult macroeconomic conditions. Consequently it is slightly below the previous-year value. In part, this is due to missing public contracts (only a small part of the announced economic recovery investments have actually been made) but in particular to an unusually hard winter.

The current order level makes us very confident. Compared with the record level as of year ending 2009 (3.37 billion Euros) the order level could be maintained at an impressive standard with 3.34 billion Euros as of 30 June 2010. This is an increase of more than 10 % when compared with the comparison period of the previous year (3.02 billion Euros). Therefore, we assume an increase in the development of construction output for the second half-year. Taking these conditions into account the level of the previous year should be maintained by the year end.

A half-year EBT of 96 thousand Euros for 2010 was also satisfactory. The previous-year value was almost achieved despite a declining construction output and the associated lower fixed-charge coverage.

The increasing price pressure, particularly in public requests for proposals and the general difficult conditions on foreign markets (particularly within the CEE) were answered with an increased focus on an increase in efficiency. As a consequence, the enormous potential in synergy effects within ALPINE and also within the entire FCC Group were increasingly utilized. Appropriate measures are being pursued intensively.

Signs of a stable development are seen in our core markets in Austria and Germany. We expect a significant uptrend and continuously good market prospects in the Balkan States where we have been positioned for many years - e.g. in the case of motorway projects. PPP, to us, remains another important subject. In railway construction we are very confident on the Russian market due to a joint venture with RZDstroy. ALPINE-ENERGIE continues to proceed well - our foothold in the sectors alternative energie, communication and contact line engineering as well as the construction of facilities and overhead contact lines gains increasing importance within the group.

We are proud of our qualified, committed and loyal employees. They form the basis of ALPINE's success. These excellent employees, embedded in a contemporary organizational structure are what enable ALPINE to flexibly and quickly react to changed conditions. This advantage becomes a strategic competitive advantage in our times. It gives us a confident outlook despite a difficult environment. A heartfelt thank you to all our employees!



**Werner Watznauer**  
ALPINE Holding GmbH



# **SEMI-ANNUAL MANAGEMENT REPORT**

# 1 ECONOMIC ENVIRONMENT IN OUR MAJOR MARKETS

## Austria

The recovery trend of the Austrian economy has not stopped during the course of this year even though the GDP stagnated in the first quarter. The uptrend of the domestic economy is promoted in particular by the stimulation of global trade. A GDP growth of 1.3 % is expected for the business year 2010 after a regressive development in the previous year. An increase in demand is also expected in private consumption and in gross fixed investments. Inflation remains on a relatively low level despite a positive economic development.

The Austrian construction industry shows its first recovery trends too. For the current year, we still expect a slight decrease in production; for 2011 however, we expect a stabilisation of the market. In 2010, the civil engineering sector will continue to benefit significantly from infrastructure investments.

At the beginning of 2010 and after a construction period of only 37 months, we have completed the first Austrian road construction PPP project (Project Y, PPP Eastern Region Package 1) in the North of Vienna. The project was handled by the Konsortium Bonaventura, with ALPINE having an equity interest of 44.4 %. It is valid for 30 years.

In the first half-year, we have completed the contract for the construction of a new harbour gate including pump station at the harbour Freudenuau.

The project BEG H3 Stans and the reconstruction of the railway station Matzleinsdorf I and II have been completed.

The complete overhaul of the A1 between Regau - Seewalchen has been completed and Auhof - Wolfsgraben will be complete in October 2010.

We are involved as a partner in the Unterinntaltrasse; we construct the BEG original equipment LOT A1 Kundl/Radfeld-Baumkirchen and the BEG H1 branch line of the Brenner railway line Kundl-Radfeld.

The Danube Bridge Traismauer will connect the S33 in the South with the S5 in the North. Planned opening for traffic is October 2010.

Currently, the project Central Railway Station Vienna is the most important infrastructure measure of the Austrian capital and covers a total area of 11,000 acres. Significant parts are constructed as part of a consortium on the area of the former Southern Railway Station. A completely new city district will be developed in addition to an ultra-modern railway station and an important junction of the Trans-Europe-an railroad network. In December 2012, this transport depot will see its partial commissioning. The entire project is to be completed by 2015.

We have newly acquired the construction project harbour gate Albern Section 2 shore renaturalization and the landscaped lake Aspern.

## Germany

The German economy continues its recovery and reports satisfactory growth rates for its economic performance in the first half-year. The country's export-oriented economy in particular benefits from the beginning recovery of the global economy. While for 2010 there is a 1.8 % economic growth forecast, the economy will continue to grow in the coming year because of the recovery of the domestic economy. The German construction industry expected a moderate recovery in 2010 after a slight decrease in construction activity in the previous year while the ongoing current-year investment reluctance within the private sector is being compensated by economic measures. Additionally, a further recovery of the German construction industry is expected by 2012 because of the noticeable boom in residential buildings, particularly in the area of new construction.

The extension of the Teltow Channel has been completed.

We participate in the creation of a new large-scale airport Berlin: For the link to the airport we are currently involved in foundation engineering work.

In Berlin we also construct the office skyscraper Zoofenster.

ALPINE Bau Deutschland AG also benefits from the noticeable recovery; it is the leading partner in a consortium that performs extensive shell construction work for the new construction of a metropolitan railway tunnel in Karlsruhe. Other partners in this consortium are the ALPINE Group subsidiaries ALPINE BeMo Tunnelling and Universale GSB as well as FCC Construcción. The construction is to complete by 2016 and the total order value is 297 million Euros. Along the railway line between Koblenz and Perl, we will also construct the new Kaiser Wilhelm Tunnel; completion is planned by the end of 2011. Another project is the City Tunnel Leipzig; it will pass under the centre of the trade fair city from the Bayerische Bahnhof (Bavarian Railway Station) to the central railway station. The completion is expected by the end of 2010 already. These projects demonstrate our acknowledged expertise in tunnel engineering.

## Southeastern Europe

### Bulgaria

The economy in Bulgaria has reached its trough in the last quarter of 2009; since then it records an uptrend. For 2010, it is expected that the economic situation stabilizes with a GDP growth of 0.2 %. An increasing foreign demand has shown to be an important growth factor for Bulgaria that also enables it to narrow the gap in the trade balance.

In the middle of 2010, signs of recovery reluctantly show after a severe crash had begun in the construction industry in the middle of 2009. Civil engineering remained stable while building construction decreased.

Despite the difficult environment, we will complete the power plant Tsankov Kamak (in the Rhodope Mountains at the border to Greece) – one of the largest hydropower stations in Europe – by the end of 2010. We expect to obtain future contracts in further strengthening hydropower.

### Croatia

The recovery of the economy in Croatia progresses in small steps too. The International Monetary Fund only expects a 0.2 % GDP growth. However, the likelihood of Croatia becoming an EU member gives rise for optimism.

The construction industry of Croatia reports a significant uptrend in all sectors again after a regressive year in 2009. The optimism in civil engineering is based mainly on planned large-scale projects for traffic infrastructures and projects in the energy sector.

The focus of Alpine clearly lies in the scope of infrastructures. For instance, we are building the junction from Velika Gorica to Busevec and the motorway from Zagreb to Sisak. We are also active in Rijeka where we are building the new shopping centre.

### Romania

The increasing export demand in particular is causing a recognizable recovery trend in Romania too which has been hit relatively severely by the global crisis. Nevertheless, international support packages by the EU and the International Monetary Fund continue to be of central importance.

The repercussions of the economic crisis have also been clearly visible in the construction industry in Romania. However, we expect a change in trend for this year already. Although the uptrend in building construction is still quite hesitant, hopes are particularly placed on upcoming infrastructure projects. Because of its enormous backlog demand, Romania remains one of the future promising European markets for the ALPINE Group. There are generous EU funds available for the extension of the transportation sector and for environmental projects, in addition to those from the International Monetary Fund.

In August 2010, the head office of Petrom was handed over. In July 2010, the landfill project Titu Aninoasa was completed.

We handle the bridge construction as part of the motorway section "Bypass Arad".

During the first half-year, we were able to acquire a number of interesting contracts. For instance, ALPINE has won the contract for the construction of three controlled landfills in the district of Suceava, the construction of a sewage treatment plant in Hoghiz and finally, the construction of the stadium in Ploiesti.

## Northeastern Europe

### Poland

In the current business year, Poland remains the draft horse in Eastern Europe with a predicted GDP rate of growth of 2.7 % in 2010. Poland benefits from the generous governmental aids of the European Union, despite the still reluctant private investment demands and the country's relatively high new indebtedness.

The Polish construction industry has lost very little of its dynamic which is quite similar to the macro-economic development. This industry is expected to report above-average growth rates for the current business year too, despite certain performance declines in the first quarter caused by a strong winter. Civil engineering is the main driving force of the Polish construction industry where the demand for infrastructures needed for the European Soccer Championship 2012 booms this sector. Additionally, the building construction sector is expected to boom as well.

We have completed the Hala Ludowa hall while preserving its "World Heritage Site" status.

The construction of the four stadiums by ALPINE (the core part of which is the National Stadium of Warsaw) runs as planned as to the customer's full satisfaction.

Additionally, we have further interesting construction projects lined up. In Warsaw, we have the office building DBC Domaniewska and in Gdansk the chemical faculty of the University of Gdansk.

In autumn 2007, ALPINE won the tender procedure for an 18 km A1 route segment in Poland. The construction is to complete by the beginning of 2010. However, the construction could only begin with a delay of seven months in April 2008 as numerous explosives have been discovered on the construction site after awarding the contract, these had to be removed first. An additional delay was caused by the fact that a central structure in this section, a customer-planned 450-m-long cable-stayed bridge, would have been severely in danger of collapse if built according to customer-provided plans. Both parties cancelled the contract. ALPINE has filed suit to cover the outstanding part of the capitalized costs. On the other hand, the customer has also filed a suit. In any case, three advisory opinions of well-known experts form a very good basis for an outcome favourable to ALPINE.

ALPINE was again the winner in the new tender proceeding performed in the meantime and the building owner has suggested awarding the contract to ALPINE.

ALPINE, as the leader of a consortium, recently won the construction of another significant road section, i.e. the construction of the 29 km long dual carriageway S5 between Poznań and Wrocław including a bypass road.

### Russia

Relatively favourable growth predictions are made for Russia as a consequence of the recovery of the global economy as well as the recovery of the domestic consumer demand. Additionally, rising commodity prices positively affect both national debts as well as the country's trade balance.

The construction industry in Russia could also not avoid being hit by the crisis; however the downtrend has significantly lost in intensity. For the entire year 2010 a stabilisation on the level of the previous year is expected. There are also governmental initiatives to boom the construction industry in addition to large-scale projects like the construction projects in preparation for the Olympic Games in Sotschi 2014. To get the residential building sector going the government is providing, for instance, cheap mortgage loans for the purchase of dwellings in new housing developments. A significant increase in construction activities is expected in the industrial building sector too because of the newly found trust of investors.

In January 2010, ALPINE founded a joint venture called "Alpine-RZDstroy GmbH" with RZDstroy, a subsidiary company of the Russian state railroad. A first success was the signing of a contract for preparatory works for the construction of tunnel 6 and 7 along the railway line from Sotschi to Matsesta.

### Slovakia

For the first time since mid 2008, the economy of Slovakia reported a positive growth in the current year. For 2010, a relatively strong 4.1 % growth of economic performance is expected. A positive impulse for the country's economy is expected from the regressive budget deficit, quite in addition to the positive growth expectations.

In 2010, significant impulses are expected from the civil engineering sector after the construction industry of Slovakia had a comparatively strong regressive development in the past year. The decisive factors for this development are several large-scale projects on the basis of PPP models. In the coming year, the entire construction industry will gain significant dynamic because of the expected recovery of the building construction sector.

In mid January, the governmental franchise company of Slovakia, ŽILINSKÁ DIAĽNICA, has signed a contract with D1-CONSTRUCTION s.r.o for the planning, financing, construction and operation of four D1 motorway sections. The roughly 30 km long motorway section with 28 bridges will be constructed between the cities Hričovské Podhradie and Dubná Skala.

The ŽILINSKÁ DIAĽNICA s.r.o. and its partner are now implementing the preparatory work for a Public Private Partnership (PPP) motorway project. This contract is one of the most significant ALPINE PPP projects in CEE. HOCHTIEF PPP Solutions GmbH and ALPINE Bau GmbH/FCC Construcción are part of this company in equal parts.

The railway of Slovakia - Železnice Slovenskej republiky (ZSR) - upgrades the railway line Nové Mesto nad Váhom - Púchov for speeds up to 160 km/h. This line is a part of the TEN-T network and the V. European railway passageway.

ALPINE, as part of a consortium, will upgrade a section of this line (section IV and V of this project) within this overall modernization.

The new gas and thermal power station Malzenice is being constructed in the environmental engineering sector.

## Czech Republic

The economic recovery of the Czech Republic has gained momentum, quite similar to Slovakia. For the first time since the crisis, the result is positive in the first quarter 2010. In addition to increasing governmental spending, the export sector is the main supporter of this development.

The negative consequences of the global financial and economic crisis are specifically recognizable in the building construction sector in the Czech Republic because of the continued difficult situation on the capital market and the consequential investment reluctance of banks. The civil engineering sector makes up more than half of the entire construction output in the Czech Republic. It continues to remain stable mainly because of various planned traffic infrastructure projects. For 2010, a growth of 2.7 % is expected in the civil engineering sector.

In the Czech Republic, the construction of the motorway D47, a significant infrastructure project in this country, is being handled as part of a consortium. The motorway runs from Ostrava to the Polish border and connects to the motorway A1 which is also being constructed by ALPINE. The overall length is circa 6 km.

## Western and Northern Europe

### Switzerland

In Switzerland, the growth of the economy has slowed down in the first months of the current year after it was already clearly visible in the second half of 2009 that the economy was on a recovery. Regardless, the economic development is stronger than in the remaining Euro area backed by the growth in the export area and the continued stable private sector demand.

After a stable development in the previous year, the construction industry in Switzerland will most likely be very happy about the expected positive rates of growth. While the construction industry was mainly supported by advanced projects and economic stimulus packages throughout the previous year, the regained strength of the residential building sector and the recovery of the other building construction sector are responsible for this year's development. According to predictions, the continuation of this development will cause a growth in the Swiss construction industry in the next year too.

As a partner in the largest infrastructure project of Switzerland, we participate in the construction and development of the road engineering of the Gotthard railway tunnel. Once completed as expected in 2017, it will be the longest tunnel in the world with 57 km and will shorten the travel time from Zurich to Milan by one hour.

### Asia

#### China

China is considered the locomotive of global recovery with an expected GDP growth rate of more than 10 % for 2010. Driving factors behind this boom are considered to be private consumption as well as residential building investments. The country's foreign trade is booming and achieved impressive growth rates both for import and export. The country's economic outlook is positive because of governmental economic stimulus packages that will continue to provide important impulses.

The construction industry has hardly noticed the economic crisis. Particularly in the previous year, it has benefited considerably from the government's economic measures. Because of the high public investments, also the current year shows positive impulses in the area of residential buildings and infrastructure. Against this backdrop, the construction industry's outlook is expected to be relatively positive in the future too. However, a certain uncertainty is continued by bubbles on the Chinese real estate market which is why the administration has initiated counter measures in spring 2010.

We are particularly proud to have built the Austria-Pavilion for the world exhibition in Shanghai. In addition to the construction works, we also have been responsible for interior fitting and the multimedia system.

#### India

The economy of India has reported impressive growth rates for the first months of the current year. Despite relatively low growth rates in private consumption and certain governmental economic measures, it is not expected that the expansion rate of India's economy is going to slow down in the near future. A particular challenge for the administration and the country's national bank is the high rate of inflation that is mainly caused by steeply rising food prices. For 2010, the increase in price is predicted to be above 13 %.

Although the construction activities have suffered during the previous year in India as a consequence of the international financial crisis, the industry has regained its old performance in the meantime. In the coming years, the high demand of infrastructures in the transportation and energy sector will ensure a very active construction activity. A future strong demand in building construction (particularly in residential, office and industrial construction) can be assumed because of factors like the strong growth of population and the dynamic development of the economy.

ALPINE is a major contributor to the extension of the New Delhi underground railway. In 2010, we will be able to complete and turn over another segment. Those responsible plan a total network of almost 250 km by 2021; we expect to have good chances in this as a partner.

## Singapore

After a roughly 2 % GDP decrease in the previous year, the economy has reached the pre-crisis level again. In addition to an expansive monetary and fiscal policy and the boom in the global technology sector, the strong demand from China will continue to be seen as the reason for a rapid uptrend. Additionally, there are encouraging signals for the further economic development.

The construction industry of Singapore has continued to stably develop in the past months and has been an important driving force for the national economy in the past year. More than half of the contracts come from the public sector. Investments have been mostly in the construction of roads, tunnels and public residential buildings. The private construction industry also continues its dynamic development.

ALPINE was able to use its tunnelling expertise to acquire two new large projects:

We have been awarded the contract for the construction of two Metro sections as part of the extension of the Singapore Downtown Line construction phase 2.

## 2 BUSINESS TREND

The consolidated construction output (i.e. the commercially deferred annual construction output including the proportionate construction output of joint ventures) showed a reduction in the reporting year of 9.8 % to 1,392 million Euros (previous year: 1,543 million Euros). This was caused by bad weather conditions in the first half-year as well as by missing governmental investments. About half of the services were delivered abroad, just like in the previous year. As of the reporting date, the order level was 3.3 billion Euros.

### Profitability

The total profit and loss result for the reporting year reduced by 7.1 % to 1,193 million Euros. The balanced net expenditure from other operating income and expenses increased from 81.4 million Euros to 87.1 million Euros, representing 7.3 % (previous year: 6.3 %) of the total profit and loss output. Expenses for materials and delivered services reduced by 11.7 % to 733.4 million Euros (previous year: 830.5 million Euros) while personnel costs increased by 3.7 % to 349.4 million Euros. Depreciation fell by 5.9 % when compared with the previous year and amount to 29.1 million Euros.

Interest income including differences in exchange rates increased mainly because of an increase in differences in exchange rates and ended at 13.8 million Euros (previous year: 10.1 million Euros). Other financial income remained stable in comparison with the previous year and amounts to 0.4 million Euros.

### Breakdown of construction output by fields of operation *in thousand Euros*

Business area	01-06/2010	01-06/2009	Change in %
Building- and Power Plant Construction	508,139	572,955	-11.31
Civil Engineering	681,892	778,321	-12.39
Communication/Energy	139,566	136,937	1.92
Other construction sectors	62,456	54,367	14.88
<b>Group</b>	<b>1,392,053</b>	<b>1,542,580</b>	<b>-9.76</b>

## Breakdown of construction output by country *in thousand Euros*

Country	01-06/2010	01-06/2009	Change in %	Part attributable to construction output 01-06/2010 in %	Order value 30/06/2010
Austria	632,822	714,477	-11.43	45.46	1,009,408
Germany	282,683	312,591	-9.57	20.31	896,756
Southeastern Europe	221,793	309,780	-28.40	15.93	401,100
Northeastern Europe	143,874	96,199	49.56	10.34	316,526
Rest of Western and Northern Europe	58,401	50,186	16.37	4.20	364,687
Asia	52,480	59,347	-11.57	3.77	353,496
<b>Group</b>	<b>1,392,053</b>	<b>1,542,580</b>	<b>-9.76</b>	<b>100.00</b>	<b>3,341,973</b>

## Financial position

The financial position is dominated by the preliminary financing of construction projects for periods of less than a year. Throughout the year this shows an increase in financial receivables and financial liabilities as well as in the balance sheet total.

In the first half-year 22.5 million Euros were invested into tangible fixed assets. In the reporting period, money on account at banks balanced with financial liabilities increased from 211.9 million Euros to 435.4 million Euros.

Receivables and other assets have increased during the reporting period by 210.0 million Euros to 1,356.2 million Euros; trade payables and other liabilities have increased by 3.7 million Euros to 1,075.5 million Euros.

Equity has reduced by 9.06 million Euros to 388.1 million Euros. Considering the increase in the balance sheet total by 167.6 million Euros, the equity ratio has decreased by 19.2 % to 17.4 %.

## Notes on the cash flow statement

Due to the difficult economic environment, the cash flow on the result decreased from 46.1 million Euros to 31.8 million Euros in comparison with the previous year. Changes in working capital of -230.7 million Euros (previous year: -179.7 million Euros) have been mainly influenced by the increase of receivables in combination with preliminary financing of construction projects. The allocation of resources of 39.5 million Euros (previous year: 49.1 million Euros) was mainly a result of purchases of machines and devices.

## Funding

The financing of the ALPINE Group is centrally coordinated and the decision in regards to individual creditors depends on various criteria such as the strength of currencies, foreign exchange regulations and tax considerations. Currently, about half of the entire credit limit is made out to ALPINE Bau and the other half is made out to various, mainly foreign, subsidiaries. The focus remains on the protection of liquidity for the company. The change from short-term and mostly uncommitted credit lines to long-term credits and fixed credit lines begun in the last two years has been pursued consistently. This resulted in drawing a syndicated 200 million Euros loan in January that has still been concluded in 2009. The end of the first half year brought a highlight with the issuance of the first mutual fund by the ALPINE Group. The 100 million Euros issued has a maturity of 5 years and an interest warrant of 5.25 %. The market accepted the issue very well. The issue spread could be further narrowed down in the weeks following the issue itself. However, the bonds are not yet contained in the half-year report as their value is added as of 1 July.

Regarding the market there is, as previously, sufficient liquidity and an extremely low interest level. The interest rate has somewhat decreased in recent times, as opposed to pre crisis times but this can be more than compensated by the notable higher interest rate margins. This situation may well continue for a while. Most predictions do not expect extreme increases in the next two to three years.

The net debts of the ALPINE Group have decreased in comparison with the previous-year value of June 2009 by another 61 million Euros, even though they are now higher than at year end because of the seasonal pattern of the market. This results in this overall picture:

### Calculation of Net debt *in thousand Euros*

	30/06/2010	30/06/2009
Total credit line	772,051	689,737
Net debt		
Credit used	561,726	559,828
Loan FCC	38,231	37,092
Cash on bank	164,569	100,385
<b>Net debt</b>	<b>435,388</b>	<b>496,536</b>

# 3 RISK MANAGEMENT

The purpose of ALPINE's group-wide risk management system is to detect such risks early, to monitor them and to take measures to minimize such risks. Risk management functions are clearly structured and are the responsibility of both, operational units and central staff units. Control systems installed in operational units and the central MIS develop and promote cost and risk awareness in employees. The central staff units Group Controlling, Construction Business Management, Legal Department, Finance and Business-/Corporate Development take care of group-wide control functions in close coordination with management and advice in specialist matters. Additionally, central staff units take care of overriding controlling function and regularly and comprehensively report directly to management on possible risks. The risk management thereby considers financial risks (currency risks, interest rate risks and liquidity risks) as much as it considers exercise risks, market risks and project risks.

Please see the annual report 2009 published on our website for a detailed explanation of our risk management system including an explanation of the individual risks.

## 4 EMPLOYEES

ALPINE employs as of effective date 30 June 2010, group wide a total of 16,267 employees and 15,162 on average within the first six months. This is 72 employees less than in the annual average for 2009. Of all employees, 8,299 work in Austria, 2,652 in Germany and 5,316 in the remaining world. ALPINE represents a very high intra-company value-added chain. This is considered one of the company's strong points. We heavily invest into loyalty and the best possible training of our employees through workshops, seminars and numerous other measures. We are very interested in having ALPINE considered as a sought-after employer.

A multitude of measures to improve the personal and professional competences of our employees are a top priority within the framework of recruiting and human resources development. High-value partnerships and cooperation have been entered into with educational institutions and institutes such as the university of applied sciences Leipzig. In this context we support various joint projects such as degree dissertations and doctoral theses. Another focal point is obtaining trainees and their best possible training. As of 30 June 2010, 186 trainees have been employed in Austria. Of these, there are 8 female trainees. As a modern company, we intensively work on the surrounding conditions to push forward this socially valuable and necessary development.

Our executive training programme is extremely successful and is being continued. Additionally, there are various other trainee and exchange programmes, inter alia in cooperation with FCC, the parent company of ALPINE. Currently, 5 trainees are actively supervised and supported in this process.

## 5 OUTLOOK

The predictions for the near future are still cautious and rather differentiated despite significant macroeconomic recovery tendencies of numerous European national economies in the first half-year 2010. Our predictions for the construction industry are a stabilisation and first upward trends in the last quarter 2010. As to the ALPINE Group, we expect the construction output and the profit or loss to be about at the level of the previous-year values. Differing developments within the individual segments should compensate each other to a large degree. The foreign share of the total construction output will remain unchanged at about 50 %.

Naturally, due to the geographically dispersed international activities, a differentiated viewpoint is taken. Beginning with the specific differences of the individual markets, we continuously analyse our respective market positions and assess these newly according to current data and aspects. After the regression caused by the economic crisis, we aim at achieving a healthy and sustainable growth in the long run by adapting our cautious expansion policy. The focus is primarily on qualitative market entries and the solidification of existing positions in the most promising markets. The consolidation schedule begun in 2009 already is fully validated in retrospect.

The individual segments will develop very differently from one another. Regarding road construction, we expect a slight increase in infrastructure projects in the Balkan States. In underground construction, the already positive development is expected to continue. In building construction however, we expect further regressions caused by missing economic stimuli. ALPINE-ENERGIE and its future-oriented branches are expected to continue their strong development within the ALPINE Group.

Naturally, the heterogeneous and hard-to-predict macroeconomic situation will have substantial influence on the future development of the company. Our conservative company policy, excellent employees and a flexible organizational structure form a healthy and sound foundation. Based on this foundation we believe to be able to react to whatever economic development and utilize opportunities as they appear. Our outlook is accordingly confident and positive.

# 6 EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date that would lead to changes to the presentation in the consolidated financial statements.

Wals bei Salzburg, August 2010

Alpine Holding GmbH  
Management

A handwritten signature in blue ink, appearing to be 'W. Watznauer', with a small horizontal line at the end.

Honorary DI Werner Watznauer

**CONSOLIDATED SEMI-  
ANNUAL FINANCIAL  
STATEMENTS AS OF  
30 JUNE 2010**

# CONSOLIDATED INCOME STATEMENT 01-06/2010

in thousand Euros	01-06/2010	01-06/2009
1 Construction output	1,392,053	1,542,580
less joint venture output	-198,887	-258,230
Sales net of joint venture output	1,193,166	1,284,350
2 Income from associated companies	12,816	4,671
3 Work performed by the enterprise and capitalised	6,588	1,750
4 Other operating income	63,207	64,029
5 Raw material and consumables used	-258,308	-278,254
6 Expenses for services	-475,115	-552,204
7 Staff cost	-349,418	-336,959
8 Depreciation and amortisation	-29,092	-30,921
9 Other operating expenses	-150,341	-145,397
<b>Profit from operating activities</b>	<b>13,503</b>	<b>11,065</b>
10 Net interest expenses	-9,697	-11,983
11 Exchange differences	-4,127	1,851
12 Other financial results	417	420
<b>Net finance cost</b>	<b>-13,407</b>	<b>-9,712</b>
<b>Profit before tax</b>	<b>96</b>	<b>1,353</b>
13 Income taxes	-85	1,371
<b>Net profit for the period</b>	<b>11</b>	<b>2,724</b>
<b>Thereof attributable to equity holders of the parent company</b>	<b>852</b>	<b>1,048</b>
<b>Thereof attributable to non controlling interest</b>	<b>-841</b>	<b>1,676</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 01-06/2010

in thousand Euros	01-06/2010	01-06/2009
<b>Net profit for the period</b>	<b>11</b>	<b>2,724</b>
Revaluation IAS 16		
Gains/losses arising during the year	-778	-289
Revaluation IAS 39		
Gains/losses arising during the year		0
Reclassification adjustments for amounts recognised in profit or loss	0	-87
Unrealised revenues/losses from the valuation of Hedges		
Revenue/loss before income taxes		
Gains/losses arising during the year		
Reclassification adjustments for amounts recognised in profit or loss	0	-3,190
Income taxes		
Gains/losses arising during the year		
Reclassification adjustments for amounts recognised in profit or loss	0	606
Change of equity of an equity-consolidated company without effects on net income	0	0
Net investment		
Revenue/loss before income taxes		
Gains/losses arising during the year	-8,857	-3,482
Income taxes		
Gains/losses arising during the year	1,683	662
Currency translation differences		
Exchange differences arising during the year	1,466	-842
<b>Total comprehensive income</b>	<b>-6,475</b>	<b>-3,898</b>
<b>Thereof attributable to equity holders of the parent company</b>	<b>-4,924</b>	<b>-3,482</b>
<b>Thereof attributable to non controlling interest</b>	<b>-1,551</b>	<b>-416</b>

# CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2010

in thousand Euros

30/06/2010

31/12/2009

ASSETS			
<b>Non current assets</b>			
I	Property, plant and equipment	449,411	463,858
II	Investment property	18,410	18,563
III	Intangible assets	24,607	23,654
IV	Financial assets	56,613	54,776
V	Associated companies	14,999	15,639
VI	Other long-term assets	121,831	120,557
VII	Deferred tax assets	5,167	4,789
		<b>691,038</b>	<b>701,836</b>
<b>Current assets</b>			
I	Inventories	141,794	136,290
II	Other financial receivables	167	309
III	Trade receivables and other receivables and assets	1,234,397	1,025,709
IV	Cash and cash equivalents	164,569	200,206
		<b>1,540,927</b>	<b>1,362,514</b>
	<b>Total assets</b>	<b>2,231,965</b>	<b>2,064,350</b>
EQUITY AND LIABILITIES			
<b>Equity</b>			
I	Share capital	109	109
II	Reserves	294,351	297,733
	<b>Equity attributable to equity holders of the parent company</b>	<b>294,460</b>	<b>297,842</b>
	<b>Non controlling interest</b>	<b>93,680</b>	<b>99,355</b>
		<b>388,140</b>	<b>397,197</b>
<b>Non-current liabilities</b>			
I	Employee benefits	47,534	47,800
II	Other provisions	18,493	18,540
III	Deferred tax liabilities	35,230	37,207
IV	Financial liabilities	479,910	284,040
V	Trade and other liabilities	33,746	10,831
		<b>614,913</b>	<b>398,418</b>
<b>Current liabilities</b>			
I	Other provisions	58,052	64,883
II	Tax liabilities	6,150	8,711
III	Financial liabilities	120,047	128,051
IV	Other financial liabilities	2,870	6,050
V	Trade and other payables	1,041,793	1,061,040
		<b>1,228,912</b>	<b>1,268,735</b>
	<b>Total equity and liabilities</b>	<b>2,231,965</b>	<b>2,064,350</b>

# CONSOLIDATED STATEMENT OF CASH FLOW 01-06/2010

in thousand Euros	01-06/2010	01-06/2009
<b>Cash flows from operating activities</b>		
Net profit for the period	11	2,724
Depreciation and amortisation	29,081	32,096
Results from disposal of intangible assets and property, plant and equipment	282	1,076
Changes in long-term provisions	-313	1,625
Net interest expenses	9,697	11,983
Income taxes	84	-1,372
Results from non-current financial assets	-434	2,199
Results from associated companies	734	-731
Other non-cash transactions	-7,296	-3,533
	<b>31,846</b>	<b>46,067</b>
<b>Changes in working capital</b>		
Inventories	-5,504	-19,785
Trade receivables and other receivables	-218,409	-117,059
Short-term provisions	-6,842	-2,075
Short-term payables	83	-40,769
<b>Cash generated from operating activities</b>	<b>-198,826</b>	<b>-133,621</b>
Interest paid	-4,204	-6,059
Income taxes paid	-5,027	-3,536
<b>Net cash from operating activities</b>	<b>-208,057</b>	<b>-143,216</b>
<b>Investing activities</b>		
Interest received	68	147
Dividends received	366	-2,346
Proceeds from the sale of financial assets	2,803	3,656
Proceeds from the sale of intangible assets and property, plant and equipment	10,739	8,283
Investments in financial assets	-7,510	-5,905
Acquisitions of subsidiaries net of cash acquired	-78	-15,964
Investments in intangible assets and property, plant and equipment	-31,901	-27,257
<b>Net cash from investing activities</b>	<b>-25,513</b>	<b>-39,386</b>
<b>Financing activities</b>		
Repayment/proceeds from long-term borrowings	199,614	-19,313
Repayment from short-term borrowings	-6,135	46,547
Increase of capital	0	0
Dividends paid	-128	0
<b>Net cash from financing activities</b>	<b>193,351</b>	<b>27,234</b>
<b>Net increase in cash and cash equivalents</b>	<b>-40,219</b>	<b>-155,368</b>
Effect of exchange rate changes on cash and cash equivalents	4,582	-1,346
<b>Cash and cash equivalents at beginning of year</b>	<b>200,206</b>	<b>257,099</b>
<b>Cash and cash equivalents at end of year</b>	<b>164,569</b>	<b>100,385</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 01-06/2010

in thousand Euros	Share capital	Revaluation surplus	Measurement of financial instruments at fair value	Capital reserves	Additionally paid in capital	Retained earnings	Unrealised revenues/losses from the valuation of hedges	Net investment	Currency translation reserve	Equity attributable to equity holders of the parent company	Non controlling interests	Total equity
<b>Balance at 1 January 2009</b>	<b>109</b>	<b>17,160</b>	<b>67</b>	<b>92</b>	<b>49,325</b>	<b>224,779</b>	<b>-6,819</b>	<b>0</b>	<b>-1,717</b>	<b>282,996</b>	<b>94,575</b>	<b>377,571</b>
Total comprehensive income		-193	-67			1,048	-1,980	-2,162	-128	-3,482	-416	-3,898
Capital increase										0		0
Dividends to shareholders						-1,308				0		0
Other changes										-1,308	-805	-2,113
<b>Balance at 30 June 2009</b>	<b>109</b>	<b>16,967</b>	<b>0</b>	<b>92</b>	<b>49,325</b>	<b>224,519</b>	<b>-8,799</b>	<b>-2,162</b>	<b>-1,845</b>	<b>278,206</b>	<b>93,354</b>	<b>371,560</b>
<b>Balance at 1 January 2010</b>	<b>109</b>	<b>17,193</b>	<b>0</b>	<b>92</b>	<b>49,325</b>	<b>234,379</b>	<b>-606</b>	<b>-589</b>	<b>-2,061</b>	<b>297,842</b>	<b>99,355</b>	<b>397,197</b>
Total comprehensive income		-591				852		-5,499	314	-4,924	-1,551	-6,475
Capital increase										0		0
Dividends to shareholders										0	-127	-127
Interest acquisition						1,604				1,604	-4,130	-2,526
Other changes						-62				-62	133	71
<b>Balance at 30 June 2010</b>	<b>109</b>	<b>16,602</b>	<b>0</b>	<b>92</b>	<b>49,325</b>	<b>236,773</b>	<b>-606</b>	<b>-6,088</b>	<b>-1,747</b>	<b>294,460</b>	<b>93,680</b>	<b>388,140</b>

**NOTES TO THE  
CONSOLIDATED SEMI-  
ANNUAL FINANCIAL  
STATEMENTS AS OF  
30 JUNE 2010**

# NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2010

## 1 The company

Alpine Holding GmbH, headquartered in 5071 Wals bei Salzburg and registered in the commercial register at the Salzburg regional court under the registration number FN 36605g, forms the ALPINE construction group („Company“, „Group“) together with its subsidiaries. Its business activities focus on the handling of construction projects of all kinds (civil engineering, building construction, the construction of power stations and tunnelling). The Group also acts as a building contractor in the areas of residential construction and other project areas and does business in the field of communication technology. Furthermore, the Alpine group conducts gravel works, brick works and asphalt mixing plants.

## 2 Basis of accounting

The condensed financial statements of Alpine Holding GmbH were prepared in accordance with IAS 34. According to this standard the financial statements do not involve all information that are necessary for annual closure. Consequently the condensed semi-annual financial statements in hand have to be recognised in conjunction with the consolidated annual financial statements of Alpine Holding GmbH per 31 December 2009.

The condensed semi-annual financial statements are prepared by using the same accounting policies and methods of currency conversion that have been applied for preparing the consolidated annual financial statements per 31 December 2009. With exception of the first-time-applicable standards referred to in point 3., accounting-, measurement- and calculation-methods are applied without any modification. For further details concerning accounting policy please have a look at the consolidated annual financial statements of Alpine Holding GmbH per 31 December 2009.

## 3 Applicable accounting standards in the current financial year

The following substantially adjusted respectively new accounting standards and interpretations that were transferred into European law by the European Union are applicable in the financial year 2010 at the first time:

**IAS 27 Consolidated and Separate Financial Statements:** The new regulations of IAS 27 request the obligatory application of the “economic entity approach” in case of acquisition and sale of shares after obtaining or maintaining the control of an entity. Following IAS 27 transactions with minority shareholders have to be recognized with no affect on income directly in equity. Concerning successive

share purchases which result in obtaining the control of an entity or sales of shares with the consequence of losing the control of an entity, a revaluation at fair value through profit and loss of the shares already held respectively of the remaining ones has to be effected.

**IFRS 3 Business Combinations:** Changes of IFRS 3 effect an extension on the scope of application and provides the option to recognize non-controlling-interest in case of every entity purchase.

Additionally, the following standard has been applied at the first time in course of the condensed half-year financial statements per 30 June 2010:

**IFRS 8 Operating Segments:** This standard sets the rules for reportable information concerning operating segments of capital market oriented entities. Because of the issue of a bond by Alpine Holding GmbH in July 2010, the ALPINE group is in the scope of this standard and is obliged to disclose information concerning its operating segments according to IFRS 8. These obligatory information are presented for the first time in the interim condensed financial statements in hand.

The annual improvements for IFRS 2007-2009 (Annual Improvement Project 2007-2009) are focussed on adjustments of following standards and interpretations: IFRS 2 Share-based payment, IFRS 5 Non-current assets held for sale and discontinued operations, IFRS 8 Operating segments, IAS 1 Presentation of Financial Statements, IAS 7 Statements of Cash Flows, IAS 17 Leases, IAS 36 Impairment of assets, IAS 38 Intangible assets, IAS 39 Financial instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of a Net Investment in a Foreign Operation. These improvements caused adjustments in accounting policies but did not have any material impact on the group's financial performance or financial position.

The following adjusted and disclosed standards and interpretations - relevant for the current period - that were transferred in European law by the European Union did not have any impact on the group's accounting policies, financial performance or financial position.

IAS 39	Financial Instruments: Recognition and Measurement
IFRS 2	Share-based Payment
IFRIC 17	Distributions of Non-Cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

Further standards and interpretations which are already published but not obligatory applicable, were not considered by the group.

## 4 Estimates

The incorporation of necessary estimates into the preparation of the condensed half-year financial statements according to IFRS may have impact on the disclosure of single reporting positions as well as on the amount of disclosed assets and liabilities, income and expenses. Discrepancies of estimates and actual values are possible.

## 5 Changes in scope of consolidation

The following entity is considered in the scope of consolidation at the first time. Until the condensed half-year financial statements per 30 June 2010 this entity was not consolidated because of unmateriality.

Full consolidation:

- ▶ ALPINE Liegenschaftsverwertungs GmbH

Furthermore, the scope of consolidation was enlarged by the acquisition of following entity:

Full consolidation	Acquisition date	Share	Acquiring company
Ingenieurbüro für Energie- und Haustechnik Andreas Duba GmbH	1 January 2010	90,00 %	ALPINE Bau Deutschland AG

Ingenieurbüro für Energie- und Haustechnik Andreas Duba GmbH is considered to enlarge the scope of competence of ALPINE group in performing engineer services in the field of building services.

In February 2010, the remaining 40.29 % of Strazevica Kamenolom d.o.o. have been acquired so that Alpine d.o.o. Beograd holds 100 % of the shares. In accordance with IAS 27.30 this process was recognized as equity transaction.

The acquisition cost of all acquisitions of the financial year 2010 that lead to a change in the scope of consolidation are in the amount of 260 thousand Euros. The recognized values of the new acquired entities have to be considered as preliminary.

In the course of the merger with Ingenieurbüro für Energie- und Haustechnik Andreas Duba GmbH a good will arose. The purchase price includes benefits of expected synergies, revenue growth, future market development and staff takeover. The mentioned benefits cannot be recognized separately from the goodwill inasmuch as the resulting economic benefit can not be calculated reliably.

The acquisition and the first-time inclusion of the above mentioned entities have had the following impact on the half-year consolidated financial statements:

On the date of initial consolidation	in thousand Euros
Non-current assets	35
Current assets	505
Non-current liabilities	8
Current liabilities	452

  

From the date of initial consolidation	in thousand Euros
Revenue	841
Operating result	142

## 6 Contingent liabilities

In comparison with 31 December 2009, contingent liabilities did not change in a material extent. For more detailed information we want to refer to the consolidated financial statement of Alpine Holding GmbH per 31 December 2009.

## 7 Seasonal influence

The main performance of the group entities of Alpine Holding GmbH is the execution of customized construction contracts. The progress of them may be affected by the weather. In regions where the building performance is influenced by snow, ice or other adverse circumstances, revenue and result normally depend on these seasonal fluctuations. Usually the groups revenue, performance and result of the second half-year are going to be higher than in the first six months of the same financial year. The comparability of the consolidated half-year financial statements over more reporting periods is given due to the regularity of seasonal derogations during a year.

## 8 Operating segment information

The ALPINE group is busy across-the-board in building industry. The internal reporting of ALPINE group covers the following reportable segments: building and power station construction, underground construction, communication/energy and other construction divisions.

### 8.1 Business area Building and Power Plant Construction

The business area Building and Power Plant Construction comprises all business activities that are in conjunction with residential, commercial and industry construction, sports facility and stadium construction, special building construction (for example airports, train stations or historic buildings), office and public building construction, as well as all spade- and rework of secondary contract work. As main contractor all activities are executed, starting with project development, planning, financing right up to the disposal.

### 8.2 Business area Civil Engineering

The business area Civil Engineering is the largest one within ALPINE group. The range of performance of this business area reaches from road and railway construction over other underground construction (for example power station, sports facilities, controlled dumps), bridge construction and underground construction up to foundation engineering (for example piles, melioration, construction trench solutions etc.).

### 8.3 Business area Communication/Energy

ALPINE Energie focusses on activities in the fields of overhead contact line and overhead power line construction, communication technology, building and industry technology, intelligent transportation systems, recoverable energy sources and engineering.

## NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

### 8.4 Business area Other Construction Sectors

The Business area Other Construction Sectors comprises the departments Concession Projects, Extraction of Raw materials and Manufacturing of Building Materials, ALPINE Technology Management and Machines - Technical Department (MTA), as well as uncovered overheads at the half-year-ending caused by seasonal influence.

### 8.5 Segment information

Operating segment information per 30 June 2010

in thousand Euros	Building and Power Plant Construction	Civil Engineering	Communication / Energy	Other Construction Sectors	Group
Segment Construction Output	508,139	681,892	139,566	62,456	1,392,053
Segment Revenue	440,687	550,457	139,566	62,456	1,193,166
<b>Segment Result</b> Earnings before taxes (EBT)	<b>1,808</b>	<b>5,104</b>	<b>3,135</b>	<b>-9,951</b>	<b>96</b>

Operating segment information per 30 June 2009

in thousand Euros	Building and Power Plant Construction	Civil Engineering	Communication / Energy	Other Construction Sectors	Group
Segment Construction Output	572,955	778,321	136,937	54,367	1,542,580
Segment Revenue	501,335	591,711	136,937	54,367	1,284,350
<b>Segment Result</b> Earnings before taxes (EBT)	<b>-3,391</b>	<b>5,292</b>	<b>376</b>	<b>-924</b>	<b>1,353</b>

Information about segment assets for the group's operating segments and about inter-segment revenues are not indicated because this information is not part of and is not disclosed separately in the internal reporting system. As the result of internal reporting of ALPINE group corresponds with the result of external reporting, a transition from segment result to group result is left undone.

## 9 Events after the reporting period

Alpine Holding GmbH issued a bond with valuta 1 July 2010 under following conditions:

Issuer	Alpine Holding GmbH
Volume in EUR	100,000,000
Denomination in EUR	1,000
Tenor	2010-2015
Repayment	final maturity at 100 % of nominal value
Nominal interest	5,25 % p.a.
Coupon	1 July annually
Initial public offering	Vienna Stock Exchange, over the counter market (organized stock market)
Joint Lead	UniCredit Bank Austria und BAWAG PSK
ISIN	AT0000A0JDG2

The bond's issue effects the classification of Alpine Holding GmbH as capital market oriented company with all its associated reporting duties according to IFRS.

The bond's issue had the purpose to finance investments as well as the working capital and to optimize the financing structure.

## 10 Related parties

In comparison to the consolidated financial statements per 31 December 2009 business relationships with related parties did not change in a material extend. For more detailed information we want to refer to corresponding explanations in the last annual consolidated financial statements.

## 11 Review

The half-year consolidated financial statements per 30 June 2010 of Alpine Holding GmbH were neither completely audited nor reviewed by any auditor.

Wals bei Salzburg, August 2010

Alpine Holding GmbH  
The Management Board



DI Werner Watznauer m.p.

# STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed half-year 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 important events that have occurred during the first six months of the financial year and their impact on the condensed half-year financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

Wals bei Salzburg, August 2010

Alpine Holding GmbH  
The Management Board

A handwritten signature in blue ink, appearing to read 'Watznauer', with a small horizontal line at the end.

Werner Watznauer m.p.

# IMPRINT

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## PUBLISHER

**ALPINE Holding GmbH** · Marketing & Corporate Communication  
Alte Bundesstraße 10 · 5071 Wals bei Salzburg · Austria · Telephone +43 662 8582-0 · Fax -9900  
marketing@alpine.at · www.alpine.at

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## NOTICE

**Questions:** Please contact Andreas Eder, E-Mail: andreas.eder@alpine.at /Telefon +43 662 8582-280

**Gender neutral wording:** To make reading easier we did not differentiate between the genders.  
Terms apply equally to both genders within the meaning of equal treatment.

**Safety:** All safety regulations have been complied with during the shooting of pictures displayed.

**Notice concerning the rounding of figures:** The use of rounded amounts and percentages may lead to slight deviations because of financial rounding.

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The ALPINE Semi-Annual Report as of 30 June 2010 has been translated from the original German version.  
The German version applies in case of any differences. Typographical errors subject to change.



**ALPINE Holding GmbH**

Alte Bundesstraße 10 · 5071 Wals/Salzburg · Austria · Telephone +43 662 8582-0 · Fax -9900  
office@alpine.at · www.alpine.at