

Uzin Utz AG

2007

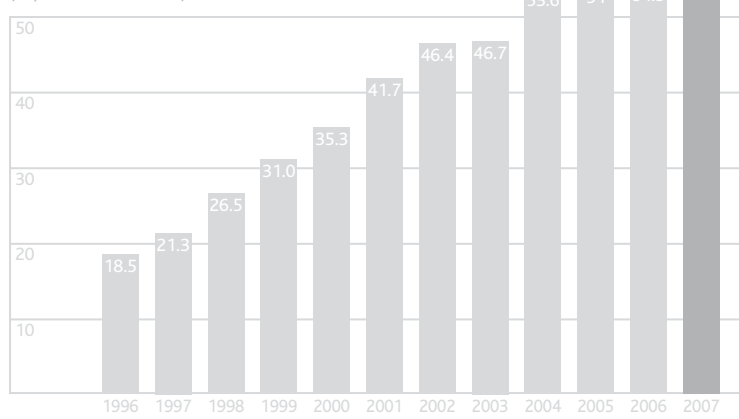
A CLEAN SHEET FOR THE YEAR ANNUAL REPORT 2007



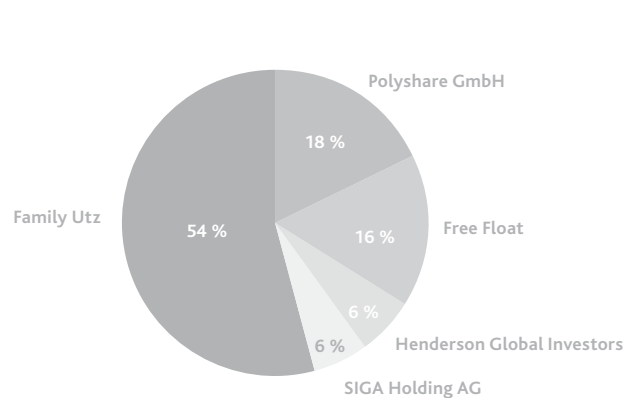
## INVESTOR RELATIONS OVERVIEW

Key-Data in yearly comparison		2007	2006	2005	2004	2004	2003	2002	2001	2000	1999	1998	1997
		Group IFRS	Group IFRS	Group IFRS	Group IFRS	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB
<b>Revenue data</b>													
Sales revenues	Mio. EUR	166.1	152.1	138.5	121.9	121.3	103.4	106.8	104.9	97.8	97.4	91.3	84.1
Sales revenues growth	% vs. prev. year	9.2	9.8	13.6	17.9	17.3	-3.2	1.7	7.2	0.4	6.7	8.6	4.1
Result from ordinary activities													
	Mio. EUR	12.0	11.3	9.6	6.7	5.5	4.5	5.0	4.9	7.6	11.5	10.7	8.9
Net profit	Mio. EUR	8.6	8.3	6.3	4.7	3.9	2.6	2.8	3.3	4.4	6.3	5.5	3.7
<b>Financial data</b>													
Investments	Mio. EUR	14.9	7.3	16.3	17.1	3.5	1.4	3.6	3.8	3.5	4.4	4.1	1.8
Depreciation	Mio. EUR	4.9	4.9	4.5	3.8	3.2	2.6	2.9	3.0	2.5	2.2	2.1	2.5
Cash flow from ordinary activities													
	Mio. EUR	9.8	11.3	6.8	6.5	3.5	6.2	0.2	8.8	-0.9	8.6	4.0	-4.0
<b>Balance sheet data</b>													
Total assets	Mio. EUR	155.0	137.0	127.1	113.0	70.4	57.8	61.6	63.2	57.7	52.7	45.7	43.6
Accounts receivable													
	Mio. EUR	25.1	24.4	21.3	19.1	18.5	13.6	14.2	13.9	13.6	10.5	10.3	9.0
Inventories													
	Mio. EUR	22.8	18.9	17.3	15.0	14.7	12.7	13.9	12.1	11.6	8.9	7.8	7.3
Fixed assets													
	Mio. EUR	89.9	80.5	78.5	66.9	25.3	22.1	23.0	24.5	23.6	20.6	17.4	16.3
Liabilities (incl. provisions)													
	Mio. EUR	94.3	81.7	76.5	70.7	46.1	25.6	29.2	29.8	24.1	20.6	16.8	16.6
Equity capital (incl. third parties)													
	Mio. EUR	60.7	55.3	50.5	42.3	24.3	32.3	32.5	32.6	33.6	32.1	28.8	26.5
Personnel (average)		720	659	656	611	551	468	463	450	410	362	327	309

Development Export Share  
(in percent of turnover)



Uzin Utz AG  
Shareholder Structure in %



The shares	
German securities identification number	755150
ISIN number	DE 000 755150 9
Market segment	Geregelter Markt General Standard
Share capital	12,804,813 EUR
Number of shares outstanding	4,268,271 no-par share
Issuing price October 1997	23.01 EUR
Number of company owned shares	1,439
High (continuous trading)	35.70 EUR
Low (continuous trading)	19.80 EUR
Variation range	59.02 %
Opening price on the first trading day	22.97 EUR
Closing price on last trading day	26.00 EUR
Performance	13.19 %
Average price	26.94 EUR
Market capitalisation based on end-of-year closing price	110,975,046 EUR

Price Earnings Ratio	2007	2006	2005	2004	2004	2003	2002	2001	2000	1999	1998	1997
Year end closing	IFRS	IFRS	IFRS	IFRS	HGB	HGB	HGB	HGB	HGB	HGB	HGB	HGB
Year end closing (EUR)	26.00	23.40	15.31	12.60	12.60	14.90	12.69	10.00	13.00	17.40	17.64	17.84
Annual net profit per share (EUR)	2.01	1.96	1.49	1.19	0.98	0.64	0.70	0.82	1.10	1.58	1.39	0.93
Price earnings ratio	12.9	11.9	10.3	10.6	12.8	23.3	18.2	12.2	11.8	11.0	12.7	19.2

Proposal to the Annual General Meeting	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Shares	4,268,271	4,268,271	4,268,271	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Dividend earned (EUR)	0.90	0.90	0.75	0.52	0.50	0.60	0.45	0.54	0.72	0.69
Amount to be distributed (EUR)	3,841,444	3,841,444	3,201,203	2,080,000	2,000,000	2,400,000	1,800,000	2,160,000	2,880,000	2,760,000
Dividend yield based on closing price	3.46%	3.85%	4.90%	4.13%	3.36%	4.73%	4.50%	4.15%	4.14%	3.91%

Dates	
Press conference on annual results	April 03, 2008
Annual general meeting	May 06, 2008
Six-months' report	August 25, 2008

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## COMPANY PROFILE

*As a system supplier to the trade, the Uzin Utz AG is devoted to the complex task of giving professional support to customers in all branches of the flooring installations industry.*

*Through forward-thinking business policy, the Group management has succeeded in constructing a logically co-ordinated brand portfolio in which the combined know-how of the individual companies is purposefully put across in fully compatible products and system solutions.*

*Construction chemical product systems for the installation of all types of floor coverings, as well as for surface improvement, machines for floor treatment, high-performance adhesives and cleaning and maintenance products are developed and manufactured by the Group companies and are sold worldwide under internationally successful brands.*

*With this systematic offer of services, the international strategy for growth is successfully further promoted under the roof of one common organisation.*

### UZIN UTZ GROUP

#### »MANAGEMENT STRATEGY FOLLOWS VALUE DIRECTION«

1911

- » Georg Utz laid the foundation Stone of the business in Vienna

1950

- » The first production of floor covering adhesives

1989

- » Foundation of the first export subsidiary

2000

- » Expansion of the product portfolio with machines and tools

1997

- » Conversion of Georg Utz GmbH into a public company; Uzin Utz AG

2001

- » Diversification with products for the enhancement of wood flooring

2004

- » Integration of highly-developed dry adhesives

2006

- » Launch of new Umbrella brand »UFloor Systems«

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CONSOLIDATED FINANCIAL STATEMENT OF UZIN UTZ GROUP  
FOR FINANCIAL YEAR 2007

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ABOUT THE BUSINESS YEAR 2007

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## SPICK AND SPAN FIGURES

»IT'S THE OBJECTIVE VALUES THAT COUNT«

» People who find figures boring don't usually read annual reports. Others usually don't have any reason to become bored: How blaring the gap can be between expectations and developments, share value and company values were reflected in the eventful year 2007 on the stock market in a number of high-profile and, in part, spectacular cases.

The era of permanent positive underlying conditions can pass just as quickly as the trust of the customers and investors are lost if the company assets are treated irresponsibly. On the other side, the commitment to permanence requires stamina both on the part of

the company management and also the shareholders. Profit expectations and growth surges are sometimes forced to remain at a level that is realistic due to e.g. increasing logistics and raw materials costs or capital market influences – these parameters often have an over-proportional effect and are very hard to predict.

It might be possible to absorb these on a temporary basis, but they cannot be ignored or simply argued away.

» *ANYONE APPRAISING  
A COMPANY SHOULD  
LOOK AT THE FIGURES.  
AND THE VALUES  
BEHIND THE FIGURES.*«

» In the long-term, sustained generation of revenue always has a greater effect than dubiously acquired or calculated profit. This is something we are convinced of.

» The result: We have been able to continuously further develop and consolidate our successful company strategy of the past decades based

on this solid philosophy. The structural and the absolute development of the value of the whole company profited from this even in difficult times. Here, dynamism and accuracy harmonise in an unspectacular but reliable way. Perhaps anti-cyclic, but because

of this, courageous. A conviction that is fitting for our family-run company. The bottom line is that neither the absolute revenue development or the share price can be used as a single representative factor for assessing the past business year.

» Another fact that is just as important is the value added in the group as a result of our own revenue power – not least thanks to the active support of our highly-motivated employees within the company group. Not that this is a reason for us to sit back and relax. But it is a reason for us to be proud of our clean annual figures and solid annual performance and to look forward to the work ahead of us.

### »Being a pioneer means taking on responsibility«

Dr. H. Werner Utz

Chairman of the board

born: 1947

member of the general management since 1980

Departments

- » Strategy
- » Marketing
- » Technical product service
- » Development and product technology

### »Calculability is a value in itself.«

Thomas Müllerschön

Member of the board

born: 1968

joined the company in 1994

Departments

- » Sales
- » Operations and logistics
- » Controlling, finance and accounting
- » Group organisation
- » Human resources
- » Central purchasing

# SPICK AND SPAN FIGURES



## WELL-TENDED COMPANY CULTURE

### »CULTIVATION MEANS FINE-TUNING«

» The more a company develops, the more attention is paid to cultivating and improving the decisive details and factors of success.

» Closing the gaps, finding niches, optimising segments and the systematic and consistent further development of the system philosophy is how we define our role as a system service provider.

» Over the past few years, we have continued refining our group and brand strategy to allow the systematic recording of all important market segments. With the integration of the SIFLOOR high-performance dry adhesive into the UZIN brand, the strengths of the previously separate adhesive sector have been merged. In the future, the former SIFLOOR adhesive products will be positioned in the market by the UZIN special advisors and switchTec specialists under the new heading switchTec® adhesive technology. This means that we at UZIN are the only ones in the market that develop, produce and distribute all available adhesive technologies on the market ourselves – this is why we are also the only partner in the flooring and parquet sector with all-round competence. And this means security for our partners and customers.

» After a phase of expansion-oriented acquisitions that significantly broadened and consolidated our strategic action radius, the group currently has a highly compact and attractive performance and brand range. The umbrella brand UFLOOR Systems was introduced 1 ½ years ago and represents a coherent concept that was awarded the 1st Ulm Marketing prize by the Marketing-Club Ulm/Neu-Ulm in November 2007.

» As a «Competence brand for all requirements», UFLOOR Systems combines all strategically important factors of success into one logically structured brand system:

- The established traditional brand UZIN with its excellent floor adhesion.
- The strong machine brand WOLFF for surface preparation and processing.
- The quality brand Pallmann with its comprehensive surface competence.
- The strong surface brand Qeshfloor for the industrial application sector.
- The high-performance network brand codex in the tile and natural stone sector.

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» WE STRIVE TO ACHIEVE  
A CULTURE OF  
COMPETENCE IN ALL  
APPLICATION FIELDS«

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» The take-over of the renowned Karlsruhe parquet grinding machine manufacturer Hermann Frank GmbH & Co. KG in January 2007 added a further valuable mosaic stone to the segment of new flooring, renovation and maintenance of flooring and parquet.

» In the field of professional floor care and cleaning, the companies RZ Chemie GmbH Reinigungs- und Pflegesysteme and Genial Produkte GmbH located in Meckenheim hold established positions in the market and in the trade.

» The acquisition of these two small but promising companies on 31.12.2007 is a further indication of how the group wants to cultivate its clear and clever strategy consistently and coherently.

A high-angle photograph of a man in a grey suit and blue sneakers standing on a light-colored tiled courtyard. He is holding a long-handled brush with a dark, feathery head, reaching up towards a tree. The courtyard features several trees planted in rectangular pits filled with yellow pebbles. The text 'WELL-TENDED COMPANY CULTURE' is overlaid in green, bold, sans-serif font across the center of the image.

**WELL-TENDED  
COMPANY CULTURE**



#### **UZIN**

» For more than 50 years, the UZIN brand has been a term for professional know-how on all matters of flooring. With intelligent installation systems for all types of floor coverings, with levelling compounds and damp-proofing systems, adhesives for textile and resilient floor coverings as well as for wood floorings, it encompasses the whole palette of practical products and solutions for contemporary trade work in interior decoration.

We offer you now, in addition to the proven and well-known UZIN products, the switchTec® adhesive technology. For this reason, UZIN is the first full-line supplier in the industry.



#### **WOLFF**

» As an international specialist in machines and tools for flooring, WOLFF offers a comprehensive range that provides a solution for any problem in installation or renovation work. Stripping machines for removing floor coverings, sanding machines for surface preparation and special tools that help to make easier the perfect installation of a wide range of floor coverings. For the sanding of parquet flooring, WOLFF offers a complete product programme.



#### **Pallmann**

» The complete provider for surface improvement work on wood and cork flooring is a leader in the development of water-based lacquers. From modern oil-wax systems to solutions for high-speed renovation work, the Pallmann customer can choose from a wide product range.

*Qeshfloor*

**Qeshfloor**

» The Qeshfloor brand offers solvent-free products for high-performance surface protection of industrial flooring. Qeshfloor stands for quality, environment, safety and health. Proper observance of these criteria is a matter of duty for Qeshfloor. Therefore, the individual Qeshfloor flooring systems always offer the optimum solution for any operational and project-specific requirements on commercial and industrial surfaces.

**codex**  
exclusiv für echte Fliesenleger



**codex**

» The codex brand concentrates exclusively on the sector of professional installers of tiling and natural stone. The comprehensive range covers substrate preparation, installation and grouting of tiling and natural stone, through to decorative wall finishing compounds.

*Jordan Lacke*

**Jordan Lacke**

» To complement our specialist flooring brands, Jordan Lacke offers a full range of contemporary wood and furniture lacquers and has done so for over 100 years. For the cabinetmaker trade and the furniture industry, a comprehensive product range is available offering a ready solution for any requirement, whether for lacquering or for finishing.

**CLEAN WORK**



» A good result is marked by the fact that it can stand up to even the closest of scrutiny. The turnover result of around € 166 million in the business year 2007 represented an increase of around 9% over the previous year. This shows that the Uzin Utz Group has once again achieved stronger growth than the market itself. Also, the growth rate of the German economy was topped: In Germany alone, the turnover increase rate was 7%, the export percentage grew again slightly to 55%.

» In light of the somewhat halting dynamics in the construction industry, these results are something to be proud of. These positive figures also stand up when looking at the revenue situation that shows a 6% improvement before tax.

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» *MEASURABLE SUCCESS  
IS APPARENT BEHIND  
THE VISIBLE RESULTS*«

---

» In absolute figures, the group achieved a pre-tax profit of around 12 million €, which corresponds to a net of tax revenue of around 8.6 million €. This overall result was achieved thanks to the committed combined efforts of all powers inside the group although the companies in Switzerland, The Netherlands and the German company JP Coatings played particularly important roles.

» To maintain the Group's successful long-term strategy, further investments were made in order to e.g. further expand our presence in international markets and to permanently intensify the market penetration of the brands. This growth in net asset value and clout clearly outweigh any revenue reserve in the long-term as the company will not be able to retain all the income that is achieved today on the back of a loss of net value. On the other hand, solid future revenue expectations achieved thanks to good work in advance is the guarantee for a secure future.

# SHINING BASIC VALUES



» In the sometimes incomprehensible world of ups and downs of the stock market, a steep upwards curve is certainly the most attractive. As experience has shown, be it in real life or on the stock market, steep curves can often lead to fatal misinterpretations of what substance is actually behind the figures. It is very easy to lose your footing on the slippery floor of the stock exchange.

» Traditionally, the Uzin Utz share is not one which attracts speculative adventurers and therefore reflects the solid substance of the Group and its companies. However there is of course a certain amount of variance that is open to objective analysis:

» After the journal «Börse am Sonntag» recommended the Uzin Utz share as the «share of the week» on 5th March 2007, the price of the share reached its all time high of 35 € in the following April. From this position, the share price then dropped to its current clearly undervalued level, also as a result of the weak economy surrounding the construction industry. Spectacular highlights are one side of the shiny stock market coin, whilst modest constancy is the other. Our aim is to retain our shine without using any artificial polish.

» Our efforts to achieve success are boosted by the valuable support we still receive from the LBBW that accompanies us as a partner in its capacity as «Designated Sponsor».

» In the interests of the most objective assessment possible by interested circles, potential investors and the shareholders, the company Uzin Utz AG also cultivated a transparent and open investor relations communication policy last year. This involved both personal meetings and also intensive telephonic contacts.

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» ANYONE WHO WANTS  
TO STAND OUT NEEDS  
MORE THAN JUST  
ATTRACTIVE CURVES«

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» The less seams a system has, the less dust it will collect. The widest and deepest full coverage possible is the objective of our product and market strategy that we pursued consistently in 2007.

» Our increasingly differentiated UFLOOR Systems brand portfolio is the tool which we use to successfully realise this strategy on an international scale.

» Specifically it involves the systematic recording of all competence fields, i.e. new flooring, renovation and maintenance of flooring, parquet, tiles and natural stone. This task is performed consistently, comprehensively and exclusively by the worldwide unique competence brand UFLOOR Systems. In particular in the commercial building and industrial complex sector, there is plenty of application and growth potential that we can tap into without material restriction: be it carpeting, synthetic flooring, parquet, tiles or natural stone – the overall heading is UFLOOR Systems.

» Despite the cooling-off in the domestic construction economy, we have no reason to downsize our forecasts. On the contrary, we see positive long-term prospects with respect to the general and the international market positioning of our group brands.

» Internationally, the further penetration of the identified foreign markets with the whole product and service ranges of our competence brands is a long way yet from completion and there is significant potential for further intensive expansion over the next few decades.

» Our efforts in the USA in particular are starting to bear fruits: The pioneer work in the USA is currently conducted by a 10-man team that was able to generate a turnover of 2.5 million USA \$ last year. The goal is to at least double this figure this year and therefore break even. The two companies founded in the previous year, UFLOOR Systems Inc. and Utz Inc. were included in the Group financial statement for the first time in 2007.

» In addition to the head office in Greensboro, there is also a service centre, designed on the German concept, in Denver/Colorado. The aim is to develop the Midwest of the USA from this strategic outpost.

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» AN EYE FOR THE  
DETAILS AT HAND  
AND ALSO FOR THOSE  
AHEAD«

---





» There is no such thing as an economy sky without clouds. To ignore this fact means to lose sight of objective challenges or any potential opportunities.

» This makes it even more important for us to accept active responsibility for the future and to pursue specific visions. Innovative power is one of the Group's most decisive factors of success, which is why there are now seven laboratories across the world working on new developments, modifications and adjustments for UZIN and codex products alone. Together with the further developments and optimisations of the other group brands, we have an innovative process of synergetic dynamism.

» Throughout the Group, the expenditure for research and development in 2007 was again increased to almost 4 million €. On average, there were 66 employees involved in the R&D process.

» Based on the current calculations, the innovation rate totalled an incredible 30%.

» The focus of the work was primarily defined as a result of the new European Chemicals Directive REACH. Another important field was the modification of the raw materials used in products and the optimisation of key products as well as special development activities for individual foreign markets. Overall, the group-wide innovation offensive was continued successfully and led to numerous optimisations and important new developments in a variety of product and application fields.

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» ANYONE WHO IS WILLING TO PUSH THEMSELVES TO THE LIMIT, USUALLY HAS A WORTHWHILE GOAL IN SIGHT«

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» As a global company, we are continually faced with price and quality competition.

» We believe this can only be met with uncompromising quality on all levels, from the development, through production right up to and including logistics and service.

» An elementary factor here is the quality of the personnel. We have always regarded this as a decisive factor of success and not just a cost factor that needs to be minimised in times of crisis.

» For this reason, we have invested in further and professional training for many years.

The companies in the Group managed to achieve a training rate of 7% in 2007, placing us up among the leaders again. A secure job is not a luxury, it also gives the employer the guarantee that it can rely on a qualified and motivated workforce even in critical phases. Where other companies let staff go on a large scale, the Uzin Utz Group

keeps on investing in this important future resource: 84 new employees have increased the workforce to 790, including 35 trainees that were employed in all companies in the group at the end of 2007.

» This is how we want to successfully continue achieving the visionary goals and ambitious targets for our company, through to 2011 and beyond.

# CLEAR VISIONS

CONSOLIDATED FINANCIAL STATEMENT  
OF UZIN UTZ GROUP FOR FINANCIAL YEAR 2007

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UZIN UTZ AKTIENGESELLSCHAFT, ULM (DONAU)  
**PROFIT AND LOSS ACCOUNT**

Consolidated Profit and Loss Account			2007	2006
	TEUR	TEUR	TEUR	TEUR
1. Sales revenues		166,137		152,083
2. Changes in inventory of finished goods and work in process		2,812		-107
3. Own costs capitalized		0		0
<b>4. Total output</b>			<b>168,949</b>	151,976
5. Other operating income		2,385		1,986
			<b>171,334</b>	153,962
6. Costs of materials		-75,754		-66,226
7. Personnel expenses				
Wages and salaries	-32,302			-29,264
Social security and other pension costs	-6,710			-6,352
		-39,012		-35,615
8. Depreciation/amortisation on tangible and intangible assets		-4,882		-4,860
9. Other operating expenses		-37,356		-33,695
			-157,004	-140,397
<b>10. Earnings before interest and taxes (EBIT)</b>			<b>14,330</b>	13,565
11. Interest and similar income		225		110
12. Interest and similar expenses		-2,541		-2,333
			-2,317	-2,223
<b>13. Result from ordinary activities (EBT)</b>			<b>12,013</b>	11,343
14. Taxes on income		-2,932		-2,727
15. Other taxes		-518		-364
			-3,450	-3,091
<b>16. Net income for the year</b>			<b>8,564</b>	8,252
17. Minority interests in profit			16	8
<b>18. Consolidated net income for the year</b>			<b>8,580</b>	8,260

UZIN UTZ AKTIENGESELLSCHAFT, ULM (DONAU)  
**CONSOLIDATED BALANCE SHEET**

Assets	2007 TEUR	2006 TEUR
<b>A. Non- current assets</b>		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and values	6,247	5,639
2. Goodwill	25,219	19,893
	31,465	25,532
II. Tangible assets		
1. Land and leasehold rights and buildings, including buildings on third-party land	29,426	24,926
2. Plant and machinery	19,422	19,707
3. Other equipment, operating and office equipment	6,625	5,786
4. Payments on account & tangible assets in course of construction	2,692	4,171
	58,165	54,590
III. Non- current financial assets		
1. Shares in affiliated companies	76	279
2. Investments in subsidiaries and associated companies	25	25
3. Securities held as fixed assets	0	9
4. Other lendings	143	22
	245	335
IV. Deferred tax assets	1,448	1,082
V. Other non-current assets	1,078	939
	<b>92,401</b>	<b>82,478</b>
<b>B. Current assets</b>		
I. Inventories		
1. Raw materials and supplies	9,704	7,898
2. Work in progress	830	680
3. Finished goods and goods for resale	12,234	10,339
4. Payments on account	40	21
	22,809	18,938
II. Trade and other receivables		
1. Trade receivables	25,115	24,441
2. Receivables due from companies in which equity interests are held	0	0
	25,115	24,441
III. Other financial current assets	19	47
IV. Cash and Cash equivalents	9,881	7,474
V. Other current assets	4,729	3,580
	<b>62,553</b>	<b>54,480</b>
	<b>154,954</b>	<b>136,959</b>

Equity and Liabilities		2007	2006
	TEUR	TEUR	TEUR
<b>A. Equity</b>			
I. Subscribed capital		12,805	12,805
II. Capital reserve		13,624	13,624
III. Revenue reserve			
1. Other revenue reserves	26,201		21,746
2. Translation differences	-495		-131
		25,706	21,616
IV. Group net income for the year		8,580	8,260
V. Minority interests		-15	18
VI. Own shares		-21	-1,040
		<b>60,679</b>	<b>55,283</b>
<b>B. Non-current liabilities</b>			
I. Provisions for pensions and other similar obligations	1,586		1,484
II. Due to credit institutions long-term	39,397		34,766
III. Deferred tax liabilities	7,984		8,315
IV. Other non-current liabilities	103		51
		<b>49,070</b>	<b>44,616</b>
<b>C. Current liabilities</b>			
I. Provisions			
1. Current tax payables	1,127		1,627
2. Other provisions	7,120		6,148
		8,247	7,776
II. Due to credit institutions short-term		23,005	15,955
III. Advances received		49	19
IV. Trade payables		8,780	8,923
V. Other short-term liabilities		5,122	4,386
		<b>45,205</b>	<b>37,059</b>
		<b>154,954</b>	<b>136,959</b>

UZIN UTZ AKTIENGESELLSCHAFT, ULM (DONAU)  
STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity (in TEUR)	Subscribed capital	Capital reserve	Group Net Income	Reserve on own shares	Accumulated other equity		Equity according to balance sheet	Minority interests	Total Equity
					Translation differences	other transactions			
<b>01 January 2006</b>	12,805	13,624	29,412	-1,040	-139	-4,208	50,454	47	50,501
Exchange rate-related differences	0	0	0	0	9	0	9	0	9
Dividends paid	0	0	-3,155	0	0	0	-3,155	0	-3,155
Net profit for the year	0	0	8,252	0	0	0	8,252	8	8,260
Other changes	0	0	-496	0	0	202	-294	-37	-331
<b>31 December 2006 / 01 January 2007</b>	12,805	13,624	34,012	-1,040	-131	-4,006	55,265	18	55,283
Exchange rate-related differences	0	0	0	0	-364	0	-364	0	-364
Dividends paid	0	0	-3,840	0	0	0	-3,840	0	-3,840
Net profit for the year	0	0	8,580	0	0	0	8,580	-16	8,564
Own shares	0	0	0	1,019	0	0	1,019	0	1,019
Other changes	0	0	34	0	0	0	34	-16	18
<b>31 December 2007</b>	12,805	13,624	38,786	-21	-495	-4,006	60,694	-15	60,679

UZIN UTZ AKTIENGESELLSCHAFT, ULM (DONAU)  
**CONSOLIDATED CASH FLOW STATEMENT**

Consolidated cash flow statement	2007 TEUR	2006 TEUR
<b>Net profit for the year</b>	<b>8,564</b>	<b>8,252</b>
+/- Depreciation and amortisation of fixed assets	4,882	4,860
+/- Change in provisions	335	437
+/- other non-cash income and expense items	-473	-84
-/+ Gain/loss on disposal of non-current assets	6	46
+/- Change in current assets (inventories, receivables)	-3,042	-4,832
+/- Change in liabilities	-449	2,644
<b>Cashflow from operating activities</b>	<b>9,824</b>	<b>11,323</b>
+ Proceeds from disposal of tangible assets	423	231
- Investments in tangible assets	-6,276	-6,881
+ Proceeds from disposal of intangible assets	0	3
- Investments in intangible assets	-592	-240
+ Proceeds from disposal of financial assets	19	0
- Investments in financial assets	-157	-228
- Change from acquisition of consolidated companies	-4,780	0
<b>Cashflow from investing activities</b>	<b>-11,364</b>	<b>-7,115</b>
- Payments to shareholders and minorities	-3,840	-3,155
+ Proceeds from the issue of bonds	-1,153	0
- Repayment of bonds	0	-2,790
<b>Cashflow from financing activities</b>	<b>-4,993</b>	<b>-5,945</b>
+/- Payment-related change in cash and cash equivalents	-6,533	-1,736
- Exchange-rate-related and other changes in cash and cash equivalents	62	9
+ Cash and cash equivalents at beginning of the period	-100	1,627
<b>Cash and cash equivalents at the end of the period</b>	<b>-6,572</b>	<b>-100</b>

Cash and cash equivalents	2007 TEUR	2006 TEUR
Cash and cash equivalents	9,881	7,474
short-term liabilities due to credit institutions	-16,453	-7,574
Cash and cash equivalents	-6,572	-100

## SEGMENT REPORTING

Segment reporting geographical according to the location of assets December 2007 (in TEUR)	domestic		abroad		consolidation/ others		Total Group	
	2007	2006	2007	2006	2007	2006	2007	2006
external sales	89,959	82,604	76,178	69,463	0	17	166,137	152,083
Intercompany sales	25,480	22,404	3,491	2,142	-28,972	-24,546	0	0
<b>Total sales</b>	<b>115,440</b>	<b>105,008</b>	<b>79,669</b>	<b>71,605</b>	<b>-28,972</b>	<b>-24,530</b>	<b>166,137</b>	<b>152,083</b>
<b>Net profit</b>	<b>7,519</b>	<b>7,646</b>	<b>6,457</b>	<b>5,875</b>	<b>-5,396</b>	<b>-5,261</b>	<b>8,580</b>	<b>8,260</b>
Assets	122,659	107,555	55,217	51,793	-22,922	-22,390	154,954	136,959
Liabilities	12,237	9,515	19,939	17,431	62,099	54,730	94,275	81,675
Investments	12,618	2,682	7,197	4,667	-4,919	0	14,896	7,349
Depreciation	3,220	3,028	1,663	1,629	0	204	4,882	4,860
non-cash expenses (except depreciation)	761	739	527	782	0	0	1,287	1,521

Segment reporting according to business area (in TEUR)	installation products for floor coverings		installation products for stone & ceramics		installation products & accessories for parquet		products for subfloor preparation		miscellaneous installation products / accessories		consolidation		total Group	
	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006
external sales	47,569	45,581	12,171	11,057	28,444	23,515	42,429	40,210	35,525	31,704	0	17	166,137	152,083
Assets	48,920	46,282	13,181	11,845	29,910	24,015	47,299	44,188	38,566	33,018	-22,922	-22,390	154,954	136,959
Investments	4,097	2,134	1,104	546	2,505	1,108	3,961	2,038	3,230	1,523	0	0	14,896	7,349

## EQUITY HOLDINGS

(figures according to local GAAP)

### Uzin Utz Aktiengesellschaft Ulm (Donau)\*

Company	Shareholding	Country	Equity	Sales revenues	Net income
<b>JP Coatings GmbH</b> Würzburg, Germany *)	100%	Germany	TEUR 5,128	15,071	820
<b>Hermann Frank GmbH &amp; Co. KG</b> Oberderdingen, Germany *)	100%	Germany	TEUR 1,129	1,958	0
<b>Hermann Frank Verwaltungen GmbH</b> Oberderdingen, Germany	100%	Germany	TEUR 26	0	1
<b>RZ Chemie GmbH</b> Meckenheim, Germany *) ****)	100%	Germany	TEUR -1,499	-	-
<b>Genial Produkte GmbH</b> Meckenheim, Germany *) ****)	100%	Germany	TEUR -1,224	-	-
<b>artiso solutions gmbh</b> Blaustein, Germany **)	50%	Germany	TEUR 88	1,050	41
<b>Artiso AG</b> Blaustein, Germany	50%	Germany	TEUR 29	3	2
<b>BIL Leasing Verwaltungen GmbH &amp; Co. 870 KG</b> Pöcking, Germany *)	94%	Germany	TEUR -4,360	1,614	166
<b>Objekteure im Forum Verw. GmbH</b> Ulm, Germany	100%	Germany	TEUR 27	0	0
<b>Uzin Tyro AG</b> Buochs, Switzerland *)	100%	Switzerland	TCHF TEUR 6,072 3,666	15,691 9,474	1,328 802
<b>Sifloor AG</b> Ruswil, Switzerland *)	100%	Switzerland	TCHF TEUR 7,584 4,579	14,541 8,780	383 231
<b>Uzin France S.A.S</b> Paris, France *)	100%	France	TEUR 1,649	13,971	399
<b>Unipro B.V.</b> Haaksbergen, The Netherlands *)	100%	Netherlands	TEUR 2,881	18,314	1,310
<b>Unipro België N.V.</b> Gent, Belgium *)	99,98%	Belgium	TEUR 870	4,857	22
<b>Uzin Ltd.</b> Abingdon, Great Britain *)	100%	Great Britain	TGBP TEUR 1,444 1,965	7,060 9,610	192 261
<b>Uzin Polska Produkty Budow lane Sp.zo.o.</b> Legnica, Poland *)	100%	Poland	TPLN TEUR 7,024 1,961	10,496 2,930	1,779 497
<b>Uzin Polska Sp.zo.o.</b> Legnica, Poland *)	100%	Poland	TPLN TEUR 3,328 929	31,007 8,656	1,283 358
<b>Uzin s.r.o.</b> Prag, Czech Republic *)	100%	Czech Republic	TCZK TEUR 26,889 1,011	99,407 3,739	8,001 301
<b>Uzin Dr. Utz Gesellschaft mbH</b> Wien, Austria *)	100%	Austria	TEUR -253	1,318	-73
<b>Uzin Inc.</b> Greensboro, USA *)	100%	USA	USD TEUR 299 203	0 0	-1 -1
<b>Ufloor Systems Inc.</b> Greensboro, USA *)	90%	USA	USD TEUR -116 -79	2,687 1,826	-365 -248
<b>Uzin Utz Construction Materials Co. Ltd.</b> Shanghai, China *)	90%	China	TCNY TEUR 28 3	16,374 1,524	-1,602 -149
<b>P.T. UZINDO</b> Surabaya, Indonesia	20%	Indonesia	TIDR TEUR 1,982,225 143	431,964 31	139,701 10
<b>Utz Beteiligungs GmbH</b> Ulm, Germany	100%	Germany	TEUR 27	0	-2
<b>P.T. Uzin Indonesia</b> Jakarta, Indonesia ***)		Indonesia	TIDR TEUR 0 0	0 0	0 0

\*) consolidated

\*\*) consolidated

\*\*\*) figures not available while printing

\*\*\*\*) first consolidation on Dec 31, 2007

## Supervisory board

Prof. Dr. Brun-Hagen Hennerkes

(chairman)

lawyer

70597 Stuttgart, Germany

Frank W. Dreisörner

(vice chairman)

Diplom-Ökonom, Diplomingenieur

(graduate degree in economy and engineering)

Chairman of Management

47815 Krefeld, Germany

Marco Sieber

Diplom-Kaufmann

(graduate degree in business and economy)

6048 Ruswil, Switzerland

COMMENTARY BY THE MANAGEMENT BOARD  
ABOUT THE BUSINESS YEAR 2007

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### Business development, business activity and the underlying conditions

#### Development of the industry and the economy as a whole

» From a general economic point of view, the European markets, which are so important for the Uzin Utz Group, showed slightly less growth in 2007 than the previous year. Despite the real estate crisis in the USA and a loss of trust in the financial markets, it was still possible for the Group to achieve a plus of 2.6% in the Euro zone. Whilst in some cases the growth of the gross domestic product in Germany, Poland, The Netherlands, Belgium and Great Britain remained below the growth rates of the previous year, the construction sectors of these countries still grew.

» At the same time, the German economy reached a strong gross domestic product growth for the second year in a row of 2.5% (2.7). This year growth was also partially felt in the construction industry; however the figures this year fell way short of the almost double-digit growth in construction turnover from the previous year (9.2). The turnover sum in the main construction sector only reached the level of the previous year, however the commercial construction sector achieved a growth of 2.3% (11.7). Also the construction investments grew in 2007 for the second year running, however at 2.0%, they were clearly below the growth of the previous year (4.3).

#### Assessment by the company management

» In 2007 the turnover of the Group grew strongly by approximately 9%. This means that the company's growth was higher than that of the market and it was able to further expand its market shares despite the continued tough competition. For the second year in a row, it was also possible to increase the turnover in Germany.

» Despite numerous investments in the expansion of the sales activities, the development of the American market, the development of the new product brand codex, the expansion of the umbrella brand UFLOOR Systems, and despite the raw material price increases caused by global inflation and other minor

effects, it was possible to increase the operating result by 5% compared to the previous year. The company management is satisfied with this development.

#### Strengths and weaknesses

Against the background of the growth of the most relevant general economic parameters, the Uzin Utz Group also further developed the core business this year and focussed on the company's strength of combining intelligent system solutions with top-quality technical and logistics service.

#### Internal company factors of success

The long-term strategy of combining the internal company factors of success, namely:

- highly qualified and motivated employees
  - a high level of product quality in an intelligent system range
  - a unique service and logistics concept
- is still having the desired effect. This strategy has not been changed in the past and will not change in the future.

» The average number of employees in the Group grew to 721 (659). Of this number, 438 (393) worked in Germany and 283 (266) abroad in affiliated companies. Also, 33 (32) young people were offered a traineeship. This impressively underscores the Groups efforts over the past years to train its own qualified personnel in preparation for future tasks in the company. Also, the Group wants to offer young people future opportunities on completion of their training thereby securing qualified junior staff.

» The Uzin Utz AG and the Unipro B.V., Haaksbergen, The Netherlands, have both been certified according to the DIN ISO standards. In 2007 again, more internal auditors in these companies were trained or received refresher training and a comprehensive audit program was installed in both companies. The external repeat and/or recertification audits again confirmed the high level of quality and the validity of the previous certification.

» In the business year 2007, the Group manufactured at the production facilities in Ulm, Vaihingen,

Oberderdingen, Würzburg, Buochs (Switzerland), Sursee (Switzerland), Haaksbergen (The Netherlands), Legnica (Poland), Soissons (France), Shanghai (China) and Surabaya (Indonesia). The general utilisation capacity of all UZIN plants was approximately 89% which equates to an increase of around 11 percent compared to the previous year (78). In 2007 there were no significant expansions to production capacities in the Group.

» There were no major changes to the production program. The generally very long product life cycles remained almost unchanged in 2007. Throughout the Group, every manufactured batch is subject to a strict quality inspection. Deliveries are only shipped after approval has been given by the responsible laboratory.

» In the raw material suppliers field, there were little changes made during the reporting period; however the procurement structures remained more or less the same.

» There were also no changes made to the Group's principles of long-term order scheduling, long-term contractual partnerships and the strict and comprehensive quality inspections in the procurement field in 2007.

» The energy costs rose due to price increases and the above-mentioned increase in the sales quantities. Optimisations in the production area and an increased awareness for energy remain important factors in the environmentally-conscious way that all energy resources are handled. The financing strategy is explained in the section »Financial situation» of this report.

### Internal organisation and decision making

» The internal organisation of the Group is based on the principle of direct decision paths and the flattest possible hierarchies. All important decisions are prepared in departmental and division committees and are forwarded together with a decision recommendation to the respective managing director/management board. All important decisions are discussed by the respective managing director/management board of the affiliated company with the management board of the Uzin Utz AG. All decisions requiring approval are submitted by the management board of the company Uzin Utz AG to the supervisory board of the company Uzin Utz AG for approval.

### Important events and developments in the reporting year

» As mentioned in the situation report 2006, there was a change to the management board of the company Uzin Utz AG in February 2007. Mr Maarten Jan Leppink left the company amicably to take up a new challenge. Until his departure he was responsible for the sales activities of a number of affiliated companies and export markets. His responsibilities were distributed among the remaining members of the management board.

» As of January 01, 2007, the company Uzin Utz AG took over the parquet grinding machine manufacturer Hermann Frank GmbH & Co. KG and the company Hermann Frank VerwaltungsGmbH in Oberderdingen near Bruchsal, in the Karlsruhe district. The company Uzin Utz AG has been selling grinding machines of the Frank brand successfully for the past six years. The acquisition of this company meant that Uzin Utz AG was able to round off its product range in the new flooring, renovation and maintenance sector of the fast growing parquet flooring sector.

» A further step toward expanding the overall value added chain in the floor treatment field was the purchase of the companies RZ Chemie GmbH Reinigungs- and Pflegesysteme and Genial Produkte GmbH located in Meckenheim near Bonn as per December 31, 2007. The RZ Chemie GmbH has a high level of

competence in the cleaning and care system sector and is seen as a specialist for all types of flooring which primarily serves the trade. For the AG, this acquisition represented a targeted strategic diversification that allows the additional development of important customer groups also for other segments.

» In February 2007, the liquidation of the Uzin Dis Ticaret Ltd. Sirketi, Istanbul, Turkey that was initiated at the end of 2005 was completed. This company stopped operating in 2001.

» An important step in the past business year was also accomplished in the brand strategy field. The previous brand Sifloor was integrated into the Uzin product program as switchTec adhesive technology. The objective of the integration of Sifloor into the Uzin brand is to unify the strengths of the previously separate adhesive areas. The aim is to use the bundled know-how to further expand the position of Uzin in the market and the Uzin experts and switchTec specialists to position the Sifloor products in the market, now sold under the switchTec-adhesive technology, as well as possible. This integration will make Uzin the only full-range supplier in the adhesive market.

### Internal steering system

The group-wide internal steering system is based on a number of mechanisms and key-figures that make division-specific processes transparent and measurable. Throughout all divisions, the financial factors and key-figures are the main indices for all steering systems

- Cash flow from ordinary activities
- Sales revenues
- Result from ordinary activities
- Return on sales
- Return on equity
- Equity ratio

Key-figures		2007	2006
Group	Calculation		
Cash Flow from ordinary activities	see Cash Flow Statement	9,824 TEUR	11,323 TEUR
Sales revenues	see Profit and Loss Account	166,137 TEUR	152,083 TEUR
Result from ordinary activities	see Profit and Loss Account	12,013 TEUR	11,343 TEUR
Return on sales	Result from ord. act./sales revenues	7.2%	7.5%
Return on equity	Result from ord. act./equity	19.8%	20.5%
Equity ratio	Equity/Balance sheet total	39.2%	40.4%

### Events, decisions and factors that have a significant effect on the further development of the company

» All events, decisions and factors, which have a significant effect on the further development of the company and were already identified in 2007, are included in the relevant sections of this report. All facts of this kind that became known between the end of 2007 and the time that this report was drawn up are included explicitly in the section »Important processes after the end of the business year«.

### Deviations from earlier expectations

» In 2007 in the Group there were no significant deviations in the business development from the previously reported expectations. The turnover and results met the expectations which in turn means that the market and company strategy showed sustained success.

» Overall, the asset, financial and revenue situation of the Group also developed positively in 2007. The above-mentioned market-oriented investments were paid for by the company's own earning power which in turn allowed improvements to be made in all important balance sheet and profit and loss sheet positions.

» There was no change to this general positive trend between the end of 2007 and the time at which this report was drawn up. There are no factors known that make it difficult to draw conclusions from the reported situation about the future situation.

» The balance sheet total was raised by 18.0 million EUR to 155.0 million EUR (137.0). The percentage of Group assets dropped to around 58% (59), the remaining assets therefore make up around 42% (41) of the balance sheet total.

» The accounts receivable rose, primarily due to the newly consolidated companies, from 24.4 million EUR to 25.1 million EUR.

» The stocks grew by 3.9 million EUR, from 18.9 million EUR to 22.8 million EUR likewise due to the newly consolidated companies and also due to the increase in stocks of raw materials as a precaution against shortages of important raw materials.

» The fixed assets rose due to investments and due to the newly consolidated companies, from 54.6 million EUR to 58.2 million EUR.

» The intangible fixed assets also grew due to the newly purchased companies by 5.9 million EUR from 25.5 million EUR to 31.5 million EUR.

» The liquid assets rose by more than 32% or 2.4 million EUR to 9.9 million EUR.

» The total assets still represent required operational values.

» The equity totalled 60.7 million EUR (55.3) and therefore makes up 39% (40) of the balance sheet total, which is still clearly above average for the industry.

» The short-term liabilities toward credit institutes grew by a total of 7.1 million EUR to 23.0 million EUR.

» The provisions for taxes last years contained provisions for two accounting periods. Due to the fact that as per December 31, 2007 only provisions for one account-

ing period were included, the provisions dropped by 0.5 million EUR, from 1.6 million EUR to 1.1 million EUR.

» The other provisions grew by 1.0 million EUR, from 6.1 million EUR to 7.1 million EUR.

» The percentage of the short-term liabilities of the balance sheet total therefore grew from 27% in the previous year to 29% in 2007.

» The long-term liabilities toward credit institutes grew by 4.6 million EUR to 39.4 million EUR (34.8).

» The percentage of total long-term liabilities of the balance sheet total thereby dropped from 33% in the previous year to 32% in 2007. In absolute figures the total long-term liabilities grew by around 4.5 million EUR, from 44.6 million EUR to 49.0 million EUR.

» The principle and the objective of the financial management is to guarantee adequate liquidity at all times whilst at the same time maintaining an equity ratio that lies well above the average for the industry. This was achieved again in 2007. The liquidity was always ensured, credit lines were never fully exploited. In 2007 financing measures were undertaken for the acquisition of the companies Hermann Frank GmbH & Co. KG, Hermann Frank VerwaltungsGmbH, RZ Chemie GmbH Reinigungs- and Pflegesysteme, and the Genial Produkte GmbH, and also for the expansion of the product area of the company Uzin Utz AG. No further special financing measures were required above and beyond this in 2007. The total credit volume in the Group in 2007 totalled 62.4 million EUR, after 50.7 million EUR in the previous year. This figure also includes two subordinate capital tranches of the company Uzin Utz AG totalling 4.8 million EUR that result from the program »Capital for Work« from the capital institute 'Kreditanstalt für Wiederaufbau'. The bank subordinates its claims from this loan irrevocably to all current and future claims by the creditor in the rank before the claims for return of the equity-substituting loan of a partner or claims of equal standing.

» Available public sponsorship programs, loans for medium-size companies and the associated lower-interest financing options were applied for again and utilised.

» To secure the interest of the variably financed loans of the company Uzin Utz AG that originally totalled 5.55 million EUR, 4 interest caps were acquired in 2003, of which 3 still exist. The Group did not conduct any other business with derivative finance instruments.

» For the coming years, larger investments for the expansion of the production location in Ulm are planned. The total investment volume for this will be around 6 million EUR, the main part of which will be spent in 2009. No significant investment is expected for the year 2008 which is why there are no significant financing measures and/or plans known for this year.

» The detailed development of the liquidity is shown in the Group cash-flow calculation in the appendix.

#### Revenue situation

» The Group turnover rose in 2007 by over 9% from 152.1 million EUR to 166.1 million EUR. This was due to the positive turnover developments of the company Uzin Utz AG, of JP Coatings GmbH and the companies in Switzerland, France, The Netherlands and Poland. Furthermore, the newly consolidated companies Hermann Frank GmbH & Co. KG and Ufloor Systems Inc. contributed with 3.9 million EUR.

» Due to these effects the total foreign turnover of the Group rose to around 92.0 million EUR (82.6). The foreign percentage rose slightly to 55% (54). The percentage of the turnover outside the Euro zone remained more or less unchanged at around 23% (22).

» The sales volume in the Group was also increased in 2007. In addition to the company Uzin Utz AG, the companies in France, Poland, The Netherlands, Switzerland and the company JP Coatings GmbH in particular also showed significant volume increases. At the same time, the sales prices were generally kept constant throughout the Group.

» Due to the batch-based production process and the generally short time span between the order and delivery, goods are primarily produced for an anonymous market and supplied from the stocks that usually total around 1.5 month's turnover in the Group. Therefore statements regarding the order levels are not relevant.

» The total output increased by 11% to 168.9 million EUR (152.0).

» The absolute material expenditure rose at the same time by 2.9% from 66.2 million EUR to 75.8 million EUR. The material usage rate in the Group rose from 43.6% to 44.8%.

» The percentage of labour costs in relation to the total output dropped due to the increase in turnover despite a growth in the number of employees to 23.1% (23.4). In absolute figures the labour costs rose due to the tariff increases and the newly consolidated companies from 35.6 million EUR to 39.0 million EUR.

» The depreciation volume remained at the same level as the previous year at 4.9 million EUR (4.9).

» The miscellaneous operative expenditure rose by around 3.6 million EUR from 33.7 million EUR in the previous year to 37.4 million EUR. The main reason for this were the higher sales and marketing costs and an increase in the operating costs due to the higher quantities.

» The operating result before interest is approx. 0.6 million EUR or 5% above that of the previous year. The financial result of -2.3 million EUR is slightly above the previous year's result (-2.2).

» The operating result before interest totals 11.5 million EUR which is approx. 5% above the previous year's value (11.0).

» The annual surplus in the Group totalled around 8.6 million EUR which is 0.3 million EUR or 4% above the previous year's value (8.3).

» For details relating to the turnover, annual surpluses and equity capital of the individual subsidiaries, please see the overview »equity holdings« on page 23.

**Important risks****Environmental, sector-related and competitive risks**

» The most important general commercial risks for the Group result from the development of the economy and in particular that of the construction industry. The growth rates for the main market Germany and Europe, which while still positive has taken a serious downturn compared to the previous year, is still cause for optimism despite the growing general commercial risks. Any economic slumps however could jeopardise the achievement of the turnover and result goals. In particular in Germany, the tightening of the public purse, increased taxes and levies and also the inflation that have come about could still lead to a reduction in demand and therefore have a negative effect on the turnover development.

**Product risks**

» The future development of the Group heavily depends on developing innovative products and optimising existing recipes/formulas. Therefore we are taking every effort to press ahead with the development work and to recognise product needs and trends in good time. This objective is supported by high levels of expenditure in development work and continuous internal developments. Any damage that occurs is covered by means of an extensive cross-border insurance policy that also covers product liability claims. The normal operative risks are covered by means of appropriate commercial reserves that have been carefully built up.

**Failure risks in production and the most important IT-supported processes**

» In the production areas of the plants, the probability of non-optimum operation of the production plant is kept to a minimum by means of permanent servicing, fire protection and other preventive measures. Insurance policies have been taken out to cover any elementary damage and operational standstills.

» The probability of a failure of IT systems critical for processes is kept to a minimum by means of technical, construction-related and organisational measures.

**Financial risks**

» There are no specific financing risks. The turnover subject to a currency risk and any investments in the USA, Poland, The Czech Republic, England, China and Switzerland are secured by the national companies as far as possible. The developments of those currencies that are relevant for the Group are shown in the section »Revenue situation« of this report. Any future currency fluctuations represent a residual risk. Against the background of the growing number of company insolvencies, the focus of the Group remains on permanently checking the creditworthiness of the customers. Also, the majority of the accounts receivable are covered by credit insurance. The freely available resources are optimised thanks to a tight group-wide accounts receivable management system.

**Investments risks**

» Risks resulting from important investments are assessed on the basis of uniform investment calculations and need to be approved by the management board of the company Uzin Utz AG. If necessary, external consultants are called upon. Possible acquisitions are always analysed with external support, reviewed by the management board and then approved by the supervisory board.

**Risks that could endanger the company as a going concern**

» All the risks mentioned above do not threaten the company as a going concern. No other risks of this nature can be identified at this time.

**Description of the risk management system**

» The Group has a system for recording and controlling current and future business-related and financial risks. This risk management system was implemented in the Group many years ago and has not changed much since. However it is a dynamic system that is subject to continuous improvement in a permanent optimisation process.

The elements of the risk management system are

- risk steering,
- risk controlling and
- risk reporting.

» They are all based on a number of individual analyses/assessments/reports/project groups that look in detail at situation-related processes/circumstances. The responsibility for this task lies with the respective department/division manager of each affiliated company. This function reports directly to the respective managing director/management board of the affiliated company who in turn communicates all important issues to the financial board of the company Uzin Utz AG who ultimately bears the final responsibility. The department »Central Controlling (CO)« of the company Uzin Utz AG coordinates the risk management elements throughout the Group. This department also forwards the documents distributed to the financial board of the company Uzin Utz AG to the general management board of the company Uzin Utz AG, the supervisory board of the company Uzin Utz AG and other groups of persons as required. The overall risk management system is designed to recognise risks that threaten the company as a going concern as early as possible and to counteract these as well as ensuring the business goals are achieved. The principles, guidelines, processes and spheres of responsibility of the internal control and risk management system are defined and established. Primarily, the risk management system comprises the above-mentioned risk groups. In addition to individual risk management measures, security-oriented careful commercial company management, appropriate insurance cover, and guidelines and instructions that apply throughout the Group form the basis for actions that bear risks in mind.

» In the field of financial tools, the methods described in the section »Financial risks« of this report apply. Also, the result and liquidity risks of the investments are shown in an early warning system. The main elements here are a detailed monthly reporting system that looks at all important balance sheet and profit and loss items, a quarterly risk management report, regular audit meetings on site in the affiliated companies, a group-wide valid organisation manual and binding direct communication paths for the managing directors of the affiliated companies to the management board of the company Uzin Utz AG with respect to all important issues.

» The liabilities towards credit institutes include two subordinate capital tranches totalling 4.8 million EUR, resulting from the program »Capital for Work« from the »Kreditanstalt für Wiederaufbau«. As a general principle, all important liabilities towards credit institutes are financed in the long-term with fixed rates of interest and/or are secured with interest caps against risks related to changes in the interest rates.

» »For the current year, the development of the level of incoming orders give rise to optimism despite the growing general economic risks. The main professional association expects a nominal turnover plus of 3% in 2008.« This is the forecast of the Main Professional Association of the German Construction Industry in February 2008 with regard to the overall expectations for 2008.

» As far as the economic growth in the Euro zone is concerned, the experts at the European Central Bank downsized their original expectations at the start of 2008, however they still forecast a plus of almost 2% for 2008.

» Against the background of these expectations for 2008 and the positive developments of 2007, the Group can look to the future optimistically. However unforeseeable circumstances or factors that the Group cannot control can of course create risks that will undermine any forecast. From today's point of view and based on what the company knows, the following estimate of the future company development appears realistic:

» The turnover and financial result will lie above the values achieved in 2007. In the next 2 years, a turnover of around 200 million EUR and a corresponding increase of the capital utilisation and the earnings situation is expected. The organisational structure for this growth is already in place so that the number of employees is not expected to rise significantly. The tried-and-tested controlling-oriented cost management system that was introduced in the past will continue to support the revenue-oriented growth philosophy as an integral component of the controlling process. Also, there are no plans in 2008 to change the ideology of realising market success by means of innovative product ideas, a pro-active customer management system and a standardised high level of quality. The business policy will therefore remain more or less the same.

» Most of the risks described in the section »Risk report« also offer the Group opportunities. Due to its size, market position and the above-mentioned internal factors of success, the group can and will

continue to exploit any sensible commercial market opportunities that arise in order to capture more market shares. The opportunities that strategic company take-overs offer will of course be examined carefully and realised if commensurate.

- » In particular the
- environmental, sector-related and competitive risks,
  - product risks,
  - financial risks and
  - the investment risks

offered and continue to offer excellent opportunities due to their validity for all market participants in combination with the Group's unique positions in the fields of product quality, service and logistics concept. In addition to the above-mentioned high quality of the manufactured products, unique technical consulting competence and deliveries to practically anywhere in Europe within 48 hours are the basic pillars of the group's sustained success and the optimum exploitation of the opportunities that arise.

» Steps will also be taken to maintain the acquisition strategy that aims to strengthen the core business by means of sensible company purchases and to consistently continue the system conception. The regional focus will remain on Europe.

### Important process after the end of the business year

» The above-mentioned introduction of the switchTec-adhesive technology into the UZIN-product program of the company Uzin Utz AG (see »Important events and development in the business year«) was also the reason for the restructuring of the sales organisation in Germany and Austria. On January 01, 2008, the Sifloor and UZIN sales teams were merged. The result of this consistent brand integration process, even at the sales level, was the creation of a team of 45 sales specialists in Germany and Austria: Eight application technicians and 26 UZIN experts and seven switchTec sales representatives are managed by three sales managers.

» There were no further important events after the closing date of the balance sheet.

### Research and development work

» The expenditure for research and development in the Group in 2007 totalled 4.2 million EUR (3.4). On average 67 (61) employees worked in the R&D/product technology division. Sorted by brands, the following can be reported:

#### UZIN & codex brands

» The core of each company is its innovative power. We now have seven different laboratories across the world working on new developments, and modifications and adjustments of UZIN and codex products. The development results are exchanged between the laboratories very quickly and then made accessible to all affiliated companies. The intimate knowledge of the German market is combined with the experience gained in the foreign markets and often leads to innovative solutions. This is what actually ensures the brand success and generates a high level of innovative needs-based products and systems of a unique nature.

» In 2007 the R&D division successfully worked on or completed the following:

- a) Strategy and measures with regard to the new European Chemicals Directive REACH
- b) Product modifications due to the critical raw materials situation and optimisation of key products
- c) Special development activities for individual foreign markets
- d) Innovation offensive and new product developments

- a) Strategy and measures with regard to the new European Chemicals Directive REACH

» The modified construction methods and the increased time which people spend inside buildings have changed the standards with which hazards are assessed. The performance specifications for product developers have become more extensive and complex. Due to the provisions of the new European Chemicals Directive, it is safe to assume that this will not change in the future. Critics fear that the REACH

Directive will have a negative effect, in particular due to the immense costs that the manufacturers of the substances, and therefore also the manufacturing industry as a whole, will incur due to the registration of chemical raw materials. Whilst there is an option for the manufacturer of the substance and the importer to share the test costs between them, it is still expected that raw materials, especially those with low margins or quantities, will disappear from the market for commercial reasons as the testing process is unprofitable and costs cannot be passed onto the customers. For users of substances from the chemical industry, in particular development departments, this means coming up with formulas that use fewer raw materials whilst still retaining the performance range and quality of the product. The challenge for the UZIN development departments is to prevent a technological backwards step as REACH represents a contra-productive factor for innovations. The top priority is to continue coming up with innovations despite the more difficult market conditions and to push these toward market maturity. To meet expectations, the R&D division intensified its strategic preparations in 2007 and at the same time set up the organisational framework. The number of staff in the R&D division was increased both in the product development and the product safety department. Also, close strategic partnerships to our suppliers secure the further availability of our raw materials, despite REACH. Thanks to an intensive data feedback system, further valuable supplier information relating to preregistration plans were collated which allowed us to secure the future availability of the raw materials. The company Uzin Utz AG believes that it is excellently equipped to cope with the tasks and challenges presented by REACH in the future.

b) Product modifications due to the critical raw materials situation and optimisation of key products

» The risks resulting from the raw materials sector also took up development capacities in the past reporting year. There have been supply problems for key raw materials used to produce adhesives for some time. This meant that the adhesive development department was forced to redesign a large number of recipes and use alternative raw materials whilst trying to keep the raw materials purchasing costs stable. Primarily, this affected the balsam resins for a series of dispersion adhesives and amine hardeners for a number of top-selling epoxy resin products. As a result, the activities of the development departments not only focussed on generating more turnover with new products but also on performing modifications with regard to the critical raw materials to generate savings and alternative options for the purchasing department.

» Numerous optimisation projects aimed to clearly improve again the individual properties of some select key products.

» For the very low-emission linoleum adhesive UZIN LE 44, a special improved formula was created and the preparations were made for the upcoming product switch. Here it was possible to improve the dimension stability and initial strength of the adhesion with polyurethane-coated linoleum qualities. The highly successful launch of the quick-drying priming agent UZIN PE 414 Turbo last year was able to achieve remarkable success in the parquet sector very quickly thanks to the broad application options and its reliability. In the past reporting year, the product was again improved with regard to the ambient air quality so that the previous sales success in the parquet sector can now be expanded to the flooring segment where equal success is expected.

» The quality of two polyurethane adhesives for special solutions, UZIN Sport Adhesive and codex Fliesopur, has been upgraded so that they now more than satisfy application-related requirements and also standard and ecological requirements with adequate

reserves. The highly-flexible and watertight two-component tile adhesive, codex Fliesopur, was successfully switched to a recipe that allows the best possible classification R2T according to DIN EN 12004. At the same time, this adhesive was also optimised with regard to its emission quality and processing properties. The two-component special product UZIN Sport Adhesive that is used to seal the seams of artificial turf surfaces was significantly improved with respect to its cold elasticity and hydrolysis resistance so that it is now able to withstand the climatic conditions in regions with heavy winters.

» The intensive focus on the tile and natural stone sector was further intensified in 2007. The recipe of the highly-flexible epoxy-resin product codex Epoxidicht, for composite sealing of sub-surfaces subject to heavy chemical loads and wet before laying ceramic tiles and plates, underwent a significant change. It was greatly improved with regard to occupational safety and other processing properties. It is soon to be launched onto the market.

c) Special development activities for individual foreign markets

» In light of the growing, also international, networking of the R&D development laboratories of the company Uzin Utz AG, it is a permanent challenge to install a uniform testing procedure and globalised target definitions. Due to the worldwide activities of the company Uzin Utz AG, the products in the various sales markets are sometimes subject to completely different standards, statutory provisions and requirements. Important development capacities were mobilised at the company Uzin Utz AG to meet this challenge.

» For example, the basic recipes of the classic products UZIN NC 150 S and NC 170 were very successfully adapted to the local raw materials situation in Turkey and France; also, very high quality standards were satisfied in France as confirmed in tests performed by external national institutes. The quality of these filling compounds depends heavily on the cements, sands and powdered stone available locally

which is why time-consuming individual setting was required by the development laboratory in Ulm.

» At the same time, the development of special products for individual European markets was further accelerated. For example, the UZIN central laboratory was not only involved in the customised development of a solvent parquet adhesive and the adjustment of the raw materials in a solvent-free PVC dispersion adhesive for Russia, it also worked on improving the running properties of a two-component high-quality levelling compound for renovations with undefined old sub-surfaces for the English market.

d) Innovation offensive and new product developments

» To secure the success of the company in the long term, steps need to be taken to establish a balanced portfolio and to create new products. At the same time, marketable innovations and future investments are without a doubt preconditions for success and growth and set the course in this knowledge-based competitive environment. The objective of the company Uzin Utz AG is to develop unique products that stand out from the competitors' products with regard to their quality, use and performance and offer added value to the customer. This means that innovative products can be used to gain market shares but it is also essential that existing products are tested for new application fields. Due to the growing raw material prices and the upcoming markets in Asia, the importance of innovations as a decisive competitive advantage will continue to grow in the future.

» The consistent implementation of the innovation strategy of the company Uzin Utz AG was reflected in a recently published wholesaler survey about »floor-laying materials« which undertook an internal comparison of the most important suppliers in the market. Traditionally, the term »floor-laying materials« also comprises adhesives, undercoats and filling compounds. Criteria in this exclusive survey also included the points »innovation« and »future prospects«. UZIN was awarded the best position in both categories and was given the title »innovation leader«.

» At the same time, the product lifecycles of the floor-laying materials continue to become shorter. One of the strategic steering instruments and performance parameters used by the R&D division of the parent company in Ulm is the calculation of the annual percentage that new products make up of the turnover generated with the company's own chemical formulas. Per definition, all products with a definitive new property profile that are younger than five years old are classified as new products by the company Uzin Utz AG. The new product percentage of 30% achieved in the development divisions «UZIN» and «codex» in 2007 was a big step toward reaching the ambitious new product goal of 50% by 2011 to mark the company's 100th anniversary.

» New technologies play a major role in the development of new products - and therefore also in securing the company's competitive capability. In the cement filling and levelling compound sector, the company Uzin Utz AG is one of the market leaders among the German manufacturers and has set the standard in the product group for many years. In our work, we not only aim to maintain a technological edge, we also aim to achieve tangible emotional advantages. In all our innovations, we pursue the goal of making the work of the user more easy.

» To maintain our pioneer function as a trendsetter for fast construction systems, we made our mark in particular with the introduction of two new filling compounds in the dry mortar sector.

» This involved the new development UZIN NC 172 Bi-Turbo. The fully new self-running fast filling compound UZIN NC 172 Bi-Turbo, which was the first product in the UZIN and codex range to be equipped with the »Level-Plus-Effect«, beats all known records as far as speed goes. The waiting time before textile or elastic flooring or tiles and plates can be laid is sometimes twenty times shorter under certain conditions than conventional filling compounds. Even in the poorest of construction conditions, i.e. low temperatures and high levels of humidity, the accelerated hardening properties that result from a newly developed binding agent composition are im-

pressive. The »Level-Plus-Effect« also supports the extreme speed with which the flooring can be laid. This term comprises several properties that were realised in a filling compound for the first time for the German and international market by the dry mortar specialists of the company Uzin Utz AG. First of all, the »Level-Plus-Effect« in filling compounds allows excellent self-running properties. With respect to the appearance of upmarket elastic floors in particular, the »Level-Plus-Effect« reaches a homogenous surface the quality of which has yet to be reached by other brands. The self-running properties achieved due to a new liquefier technology also have a decisive effect on the surface structure of the filling compound NC 172 Bi-Turbo. The result is a homogenous, smooth filling compound surface that facilitates the subsequent processing of adhesive and reduces the quantities needed. Finally, the very high strength values according to DIN EN 13813 round off this filling compound that, in combination with all its properties, is unique.

» The second new dry mortar product, UZIN NC 880, is a completely different option for floor layers and interior designers. The turbo filler is a fast repair compound for fine levelling work and for filling before laying flooring. The highlight is the drying time. After only 30 minutes, all elastic and textile floors can be laid over this turbo product. Thanks to its extremely high percentage of synthetics, which not only guarantees that the filling compound level is flexible but also that it adheres excellently to all sub-surfaces, UZIN NC 880 can be used without an undercoat. The use of very fine additives and extender agents means that repairs to damaged areas of the designated flooring surface can be performed through to zero application. The specialist among the stable filling compounds also allows filling levels of up to four millimetres. Principally, the result is always an installation-friendly, smooth surface structure. UZIN NC 880 makes it easy for professional floor-laying specialists to successfully prevent delays caused by unexpected repairs on the building site.

» Also, in the field of cement tile grouting, the company Uzin Utz AG has set itself the strategic goal of becoming the technology leader in order to be able to offer trade professionals innovative products with real competitive advantages. The development work in the past reporting year focussed on this goal intensively. After a series of new grouting products were developed for individual application fields in 2006, extensive work on the formulas in 2007 has resulted in the preparation of a total of 20 different colour variations for the series codex Brillant Color. These complement the codex grouting program in an exclusive manner so that the market launch scheduled for 2008 can go ahead as planned. Thanks to the excellent market knowledge, the needs of the tile layers relating to grouting work were not only recognised and satisfied but were far exceeded thanks to the unbeatable processing properties of the new grouting materials. Improvements, which had formerly seemed impossible, were made starting with the mixing process through to the grouting and washing steps. The finished codex Brillant Color series grouting stands out thanks to the full grouting filling and its amazing appearance. The filled joints not only have optimum edge adhesion but also a sophisticated combination of hardness and flexibility so that even unfavourable joint geometries and tile dimensions will no longer be subject to tears. At the same time elaborate internal and external tests were performed in order to achieve the best possible classification CG2 according to DIN EN 13888. The result of this highly successful development work is reflected in the above-mentioned excellent properties. In addition, the fine mortar production was also completely modernised and, as of 2008, these new developments will be manufactured on their own specially designed grouting production system with a highly-flexible and automatic control system. The products then have a storage life of 2 years thanks to the airtight and vapour-impermeable tubular packaging bags. This eases the scheduling and storage considerations for the professional tile layer and also means that leftover quantities from

completed projects can easily be used at a later date. Also, the newly developed cement grouting product, codex Brillant Objekt, in the colour grey is another example of the above-mentioned new grouting technology and will offer tile laying professionals many benefits, especially during preparation.

» The company Uzin Utz AG is moving into completely new dimensions in the field of sub-surface preparation. The watery rapid primer UZIN PE 280 for the renovation sector based on a carbon technology with select fibre materials and combined with special filling agents is a key product. The benefits of carbon technology are undisputed and represent the state-of-the-art. They have recently been used in the aerospace industry, and in the motor racing and cycling sports fields. UZIN has made use of these synergies and this experience in the new primer. UZIN PE 280 is a very low-emission and film-forming dispersion primer with excellent adhesive properties on dense and smooth sub-surfaces. In a record time of just 45 minutes it has dried to a non-sticky surface after which filling compounds can then be applied, in contrast to the usual 12 hour drying time. With its rough and non-slip surface for subsequent applications of cement and calcium levelling compounds, it provides a durable connection before laying flooring or parquet. The previous state-of-the-art involved making vapour impermeable epoxy resin layers «gritty» for better bonding of the upper filling layers. To this end, it was necessary to transport large quantities of sand to the building site and to spread this generously onto the fresh layer of epoxy resin, and to then remove the surplus sand after the resin had dried. UZIN PE 280 simplifies and accelerates the whole process. The product is applied to the dried epoxy resin layer and after 45 minutes the filling compound can be applied on top. All-in-all, this product, which is unique in the market, saves the user time and also money thanks to the fact that it is unbeatably high-yielding.

» In its efforts to always keep ahead of the competition, the adhesive laboratory has now come up with a further special solution for the market that is

due to be launched shortly. This newly developed, conductible epoxy-based universal product is suitable both for adhesion purposes and also as grouting for conductible ceramic special tiles in areas subject to chemical loads.

» These extensive project activities were closely aligned to the specifications of ISO 9001 and 14001. In 2007 again, the appropriate surveillance audits were not only passed without problem and the certificates extended accordingly, the auditor reports also awarded top marks to the R&D division and the processes established there.

» The short summary of the R&D development work in 2007 provided here only aims to offer a brief overview of the complex and diverse activities that were necessary to not only maintain but also expand our technical leadership in the market.

#### **switchTec**

» As already mentioned before, one important step was made last business year regarding the brand strategy. The former brand Sifloor was integrated into the UZIN product program under the heading of switchTec-adhesive technology. The objective of the integration of Sifloor into the UZIN brand is to unify the strengths of the previously separate adhesive areas. With this bundled know-how, the position of UZIN in the market will be further expanded and the Sifloor products, which are now sold under the name switchTec-adhesive technology, will be positioned as advantageously as possible in the market by the UZIN experts and switchTec-specialists.

» The research and development work and the production are still located at the company Sifloor AG in Switzerland.

» Thanks to the relocation of the production system and the laboratory in 2006, a good base for product innovations was created.

#### *Launch of Pomur 46*

» A skirting board tape was developed for the polyolefin skirting board WL 50 Life by Döllken and was launched in spring of 2007. This chlorine-free and environmentally-friendly system allows fast and secure adhesion of elastic skirting boards – without solvents or softening agents.

#### *Raw materials situation*

» Quality problems at some suppliers forced us to revise a number of the Sifloor products. We were able to develop formulas using alternative raw materials whilst optimising the product properties at the same time.

#### *Improvement of the system security*

» Sigan1, sigan2 and sigan3 were revised and the removal properties and water resistance were improved without compromising other important properties. This further raised the system security.

#### *Raising the process security*

» In all 3 sigan versions, the process security was improved thanks to the use of optimised raw materials.

### WOLFF & FRANK brands

» The take-over of the parquet grinding machine manufacturer FRANK opened up a wealth of machine competence for the machine manufacturer Wolff. This competence in floors allows the horizon to be broadened and offers potential in the joint further and new development of machines for the professional user.

» Shortly after the acquisition of the company, the modified high-performance belt grinding machine Cobra was made much easier to operate and was equipped with more features. In addition, the machines were overhauled to allow international sales. Since November 2007, the modified program has been sold very successfully in the USA.

» The newly developed PUR nozzle, which has been registered for a patent, allows the welding of floor surfaces with a sensitive polyurethane coating without damaging the surface. The nozzle recommended by the expert has a special geometry at the air outlet to guarantee optimum welding of elastic floor covers.

» One new device is the C-Cut. It allows strips to be cut in textile flooring. The width of the trimming can be set variably between 2 and 7 cm.

### Pallmann brand

» The research and development of the Pallmann brand in 2007 was marked by numerous research projects and future-oriented development activities for the parquet sector. Here is a brief extract of the activities undertaken by the development department:

» One of the focal points of the development work in 2007 lay in optimising the NMP-free formulas to ensure secure processing even in poor climatic conditions and improve the chemical resistance. This optimisation process will continue in 2008.

» One cutting-edge development for the parquet sector in 2007 was the formulation of a colour coating for parquet floors. The product PALL-X COLOUR is unique in the parquet sector and is an absolutely processing-secure and user-friendly staining system. All previous attempts by our competitors to combine colour and parquet have failed. Based on the analysis of the customer interviews that were held beforehand, we defined a requirement profile for the colouring system that was realised in practice after intensive research and development. Wide-ranging customer acceptance, several reference projects and a complaints rate of zero are the parameters of the quality standard of this product and the high standard of quality of the Pallmann brand.

» A further innovation in the sector of watery parquet coatings is the product: Pallmann HYDRO DIAMANT that was developed in 2007. For the first time ever a watery parquet coating with a high percentage of polyurethane has been developed that does not interact with the content of woods e.g. tannic acid. This successfully eliminated any uncertainty relating to the inhomogeneous colouration perceived by the customers when coating parquet floors rich in tannic acids. This processing security on critical woods was confirmed by our customers, as reflected in its fast success in the market.

» In the field of watery 2-component top coats that are used in combination with isocyanates, the foundations were laid in 2007 for the development of a product with a lower solvent content. The ob-

jective is to achieve a solvent content of below 5%, NMP-free, however with no restrictions in use, in the chemical or mechanical resistance, the appearance or in the colour compared to other systems that have previously been used in the 2-component field. This huge challenge of satisfying all these points was more than achieved by means of intensive research, development, also in collaboration with a select circle of customers. This development is now deemed completed and will soon replace the product Pall-X 98 which has proven its worth over the years.

» The development activities in 2007 also looked at the field of linoleum-based sports floors. The tried-and-tested coating system Pallmann LINOCOAT was further developed in close cooperation with major companies that are operative in the sports floor sector. The optimisation involved modifying the drying time of the products. The goal was to come up with a overlapping-free and even appearance of the coating that is guaranteed even in poor climatic conditions. The large floor surfaces common for sports floors were a further challenge with regard to optimising the drying time and the application phase. These points were satisfied by means of an innovative development and have been honoured by the absolute satisfaction of our customers.

» The alcohol-based primer Pallmann ALLBASE, which stands out thanks to its absolute insensitivity on wooden materials, negligible side-bonding tendency, easy processing, elegant warm colour finish on the parquet floor, extremely fast drying and high resistance to softening agents, was optimised with regard to the composition of the solvent. This meant that the smell created during the drying period was reduced. Also, the request for more processing security when temperatures are cold in combination with high levels of humidity were satisfied by this optimisation.

#### Jordan Lacke brand

» In 2007 a new water line (»AQUALINE«) was brought onto the market. The line comprises the components: filler, transparent varnish (one and two-component) and colour varnish (one and two-component). Due to the new statutory stipulations for the interior decoration field (deco-paint directive), a complete alternative to the previously used solvent systems was developed. This line will be continually expanded in the future (e.g. stair paints). The development work for 2008 mainly targets high-solid systems. These solid solvent systems round off the line of deco-paint-capable products for customers who still have reservations about the water paint systems. Also, the image of the Jordan Lacke brand is being completely revised and will be presented in April at the trade fair »Holz- and Handwerk 2008«.

#### Qeshfloor brand

» Unipro B.V. in Haaksbergen, The Netherlands, developed the Qeshfloor industrial floor in its capacity as the »Competence Centre for Coatings« for the whole Uzin Utz Group.

» As of 2008, Unipro will also be developing the market in Germany and other select countries for the company Uzin Utz AG.

» Qeshfloor stands out with regard to quality, service and customer orientation. In 2007 a lot of R&D work was performed on the development of new production processes, the so-called »Masterplan« that will still require some capacities in 2008.

» A master set was created for some products so that only colour components need be added before the product can be sent to the customer. Numerous tests were performed within the scope of the masterplan aimed at reduced the storage and production times so that it is possible to send the customer the products he requires within three days.

» In the business year 2007, a new PU floor, which can be manufactured in all standard RAL colours, was also developed. This new product group will be launched in June 2008.

» A lot of attention was paid to nonylphenol-free recipe systems also for the EP sector, and this will be continued in 2008.

» Examinations have been performed aimed at using Pallmann products as top coats for Qeshfloor products.

» Also EP 3600 WA water-based sealing agents were developed that are available in any colour. Further development work is necessary to before these products can be launched onto the market. This water-based coat was also developed in a non-slip version. Qeshfloor PU 2030 NV was developed for indoor areas. This yellowing-resistant PU-floor is ready for launching onto the market.

» A lot of effort has been put into improving the price-performance ratio of many EP coatings. During this, the construction resin Qeshfloor EP 6060 was developed that can act both as a primer or as a reaction resin floor when mixed with filling agents.

» Qeshfloor EP 6600 was developed for sub-surfaces in which a high level of damp transportation is expected; this product is highly vapour-permeable and therefore the creation of bubbles is avoided.

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