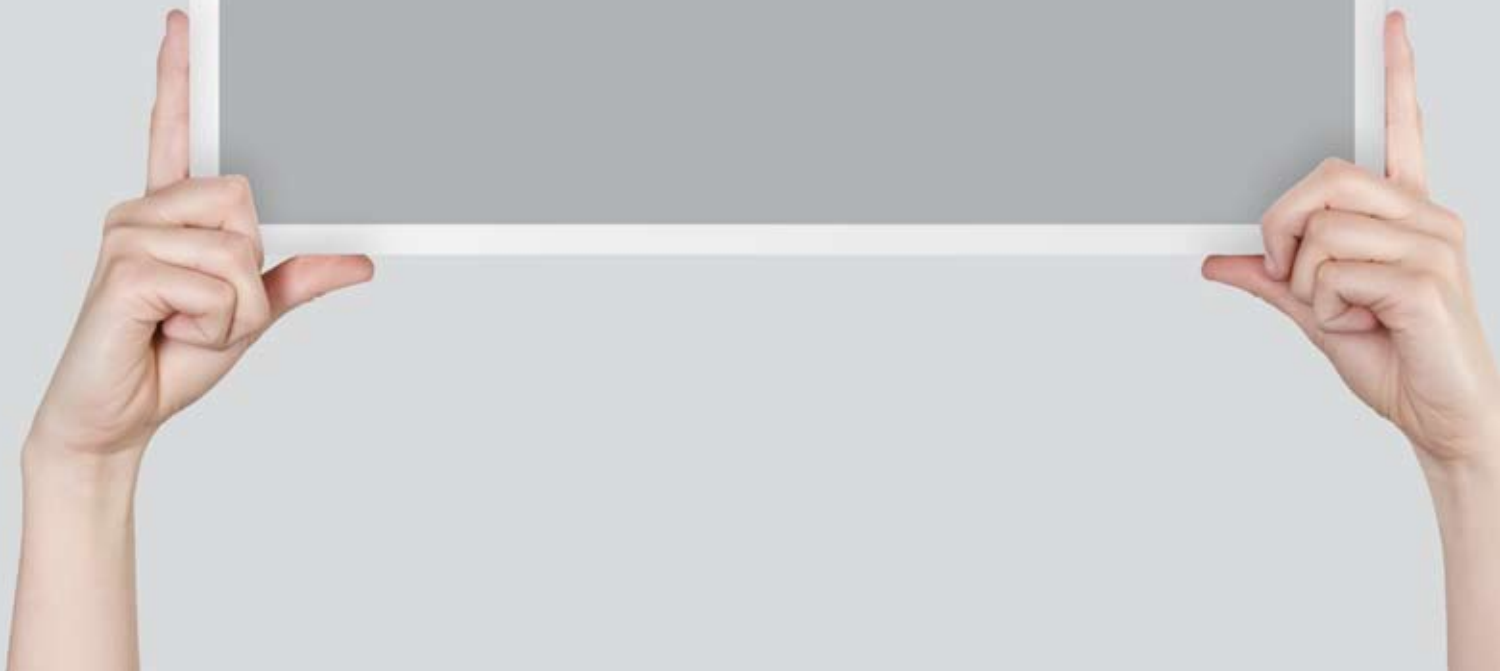


Uzin Utz AG

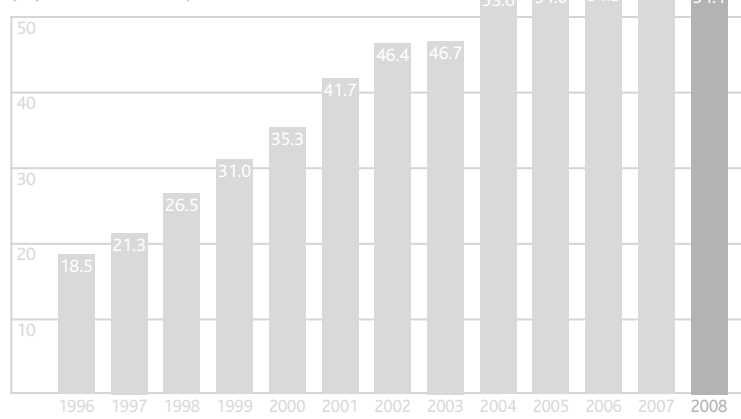
SUCCESS BY THE SQUARE METER
ANNUAL REPORT 2008



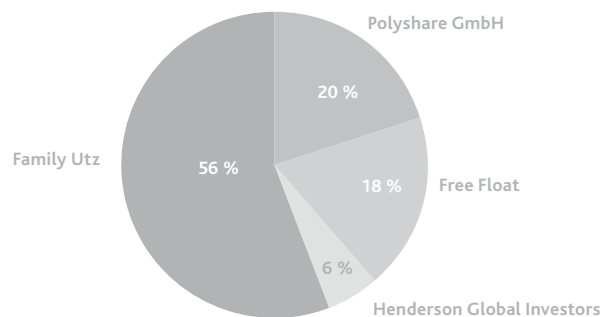
INVESTOR RELATIONS OVERVIEW

Key-Data in yearly comparison		2008	2007	2006	2005	2004	2004	2003	2002	2001	2000	1999	1998
		Group IFRS	Konzern IFRS	Konzern IFRS	Group IFRS	Group IFRS	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB
Revenue data													
Sales revenues	Mio. EUR	177.4	166.1	152.1	138.5	121.9	121.3	103.4	106.8	104.9	97.8	97.4	91.3
Sales revenues growth	% vs. prev. year	6.8	9.2	9.8	13.6	17.9	17.3	-3.2	1.7	7.2	0.4	6.7	8.6
Result from ordinary activities	Mio. EUR	10.5	12.0	11.3	9.6	6.7	5.5	4.5	5.0	4.9	7.6	11.5	10.7
Net profit	Mio. EUR	7.8	8.6	8.3	6.3	4.7	3.9	2.6	2.8	3.3	4.4	6.3	5.5
Financial data													
Investments	Mio. EUR	7.7	14.9	7.3	16.3	17.1	3.5	1.4	3.6	3.8	3.5	4.4	4.1
Depreciation	Mio. EUR	5.2	4.9	4.9	4.5	3.8	3.2	2.6	2.9	3.0	2.5	2.2	2.1
Cash flow from ordinary activities	Mio. EUR	11.0	9.8	11.3	6.8	6.5	3.5	6.2	0.2	8.8	-0.9	8.6	4.0
Balance sheet data													
Total assets	Mio. EUR	161.7	155.0	137.0	127.1	113.0	70.4	57.8	61.6	63.2	57.7	52.7	45.7
Accounts receivable	Mio. EUR	24.0	25.1	24.4	21.3	19.1	18.5	13.6	14.2	13.9	13.6	10.5	10.3
Inventories	Mio. EUR	21.7	22.8	18.9	17.3	15.0	14.7	12.7	13.9	12.1	11.6	8.9	7.8
Fixed assets	Mio. EUR	94.8	89.9	80.5	78.5	66.9	25.3	22.1	23.0	24.5	23.6	20.6	17.4
Liabilities (incl. provisions)	Mio. EUR	97.7	94.3	81.7	76.5	70.7	46.1	25.6	29.2	29.8	24.1	20.6	16.8
Equity capital (incl. third parties)	Mio. EUR	64.0	60.7	55.3	50.5	42.3	24.3	32.3	32.5	32.6	33.6	32.1	28.8
Personnel (average)		806	720	659	656	611	551	468	463	450	410	362	327

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
2008	
Number of company owned shares	7,372
High (continous trading)	25.89 EUR
Low (continous trading)	13.76 EUR
Variation range	58.04 %
Opening price on the first trading day	26.00 EUR
Closing price on the last trading day	14.70 EUR
Performance	-43.46 %
Average price	20.90 EUR
Market capitalisation based on end-of-year- closing price	62,743,584 EUR

Price Earnings Ratio	2008	2007	2006	2005	2004	2004	2003	2002	2001	2000	1999	1998	1997
Year end closing	IFRS	IFRS	IFRS	IFRS	IFRS	HGB	HGB	HGB	HGB	HGB	HGB	HGB	HGB
Year end closing (EUR)	14.70	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)	1.84	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	8.0	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	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Shares	4,268,271	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)	0.62	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)	2,646,328	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	4.22%	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 08, 2009
Annual general meeting	May 12, 2009
Six-months' report	August 24, 2009

Uzin Utz AG
Investor Relations

Phone +49 (0) 731-4097-279
Fax +49 (0) 731-4097-169

IR@uzin-utz.com
www.uzin-utz.com

SHORT PRESENTATION OF THE GROUP

Since its foundation in the year 1911, Uzin Utz AG has developed from a small-scale regional manufacturer of special chemicals and devices to one of the leading adhesive manufacturers for floor-care worldwide. The transition to complete provider and systems partner as regards floor-technology competence has been carried through by continuous expansion endeavors and numerous external purchases in past years. The clear focussing of the company group on the floor-care core competence is unique worldwide: Construction-chemical product systems for the laying of floor and wall coverings, extending to the surface refinement of parquet, as well as machines and special-purpose tools for floor-care; high-performance dry adhesives, cleaning and care products from our own development and production, as well as all services involving these products, are marketed under internationally successful brands worldwide. With this positioning, Uzin Utz AG is successfully positioned and can meet the requirements of a globalized economy on an international level. The company is therefore a player in the most important markets around the globe using its own partnerships, and is represented in 36 countries as well as in Germany. As a result of a future-oriented company policy and a closely intermeshing brand portfolio, the group management has succeeded in creating added value and in pursuing a sustainably-aligned growth strategy.

Success by the square-meter: Each of our group activities supplies a further building block here.

THE UZIN UTZ GROUP

»BASIC ADDED VALUE«

1911

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

1950

- » The first production of floor covering adhesives

1997

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

2000

- » Expansion of the product portfolio with machines and tools

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«

2008

- » Expansion of the product portfolio with cleaning and care systems

POSITION	
SECURE GROUND	6
THE 7 COORDINATES OF OUR SUCCESS	
BRAND COMPETENCE FROM EVERY ANGLE	8
GRID SQUARE	
THE MAIN POINTS OF OUR SUCCESS STRATEGY	11
STRAIGHT LINE	
SOUND QUARTERLY RESULTS	12
FLOOR SPACE CAPACITY	
DETERMINING QUADRANTS	14
KNOW-HOW²	
LEAP FORWARD TO THE SQUARE	17

CONSOLIDATED FINANCIAL STATEMENT OF UZIN UTZ GROUP FOR FINANCIAL YEAR 2008	
---	--

TABLE OF CONTENTS	18
-------------------	----

COMMENTARY BY THE MANAGEMENT BOARD ABOUT THE BUSINESS YEAR 2008	
--	--

TABLE OF CONTENTS	26
-------------------	----

» 2008 was a year that will long occupy the world. It will go down in history at least as an end point of deceived and excessive expectations.

» But the departure of delusions and illusions has also something of a cleansing effect:

» It is exactly in times of inestimable development and unforeseeable risks when it is demonstrated that concentrating on the true substance and the objective working power of all participants in the economy is necessary.

» Therefore a core term can be calculated, which the Uzin Utz Group has itself written on its flag - for a good reason.

» This is because only those who calculate and deal according to financial principles also remain esteemed and credible to their market partners and customers. On this basis, confidence increases and success is based on this. And sustainable success is mostly characterized by many small, but purposeful, steps and actions. The entire spectrum of our entrepreneurial activities can be vividly referred to a reference size: The square meter.

» It is a definable and concrete measure, with which all users of our products are involved on a day-to-day basis, and is therefore well suited to illustrate our position in the current annual report. This is because, in spite of complicated general conditions, we also succeeded in 2008 in keeping our market position on secure ground, and in conforming realistically to growth targets. In this respect, we can make up further ground, square meter for square meters, on the path that the companies of the Uzin Utz Group pursue consistently and purposefully. Also, our broadly diversified brand segments and the further expansion of export markets have proved themselves as strategically correct positioning and are a sound foundation. All the more gratifying that our sustainable strategy has also been recognized by way of citations: Uzin Utz AG was honored for exceptional risk management with the renown »Deloitte-Axia-Award 2008«. The award in the category »Sustainable value added« is a pleasing confirmation of our successful efforts, and confirms to us that we

should hold consistently to our course. That the market value of Uzin Utz shares have nevertheless moved strongly downwards is certainly only a mirror of the current financial market situation. Also the strained position of the raw materials and energy markets could not but have effects on results. All the stronger then do we align our actions according to the motto that every square meter counts, which is successfully processed with products of our group of companies. In this way, we can establish a dependable partnership with the processing crafts and manage those prerequisites necessary for keeping our feet on solid ground. That is and remains our brand name.

» One of the most serious losses that a company can suffer, as well as our economic system in total, is the loss of plausibility. Therefore we will use every resource available to us to justify in future the confidence of our customers, partners, shareholder and, last but not least, our employees, which has been acquired over decades.

» Accompany us on our path - we are well equipped for the future and for the phase of economic regeneration.

■ **»EVERY SQUARE METER COUNTS«**

» Uzin Utz stands for reliability and commitment – internally as well as externally.

» Therefore, also in the coming years, we will purposefully implement large steps forward. With ambitious objectives and the necessary overview which keeps elementary values and basics constantly in view. One of these is not least our innovation-strong square meter – our unit of measure for success.

»The sustainability of our success can be calculated in square meters.«

Dr. H. Werner Utz
Chief executive officer
born: 1947
member of the general management since 1980

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

» «Strong floor space capacity is a reliable calculation basis«

Thomas Müllerschön
Member of the executive board
born: 1968
joined the company in 1994

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



IN THE SUPERVISORY BOARD MEETING ON 26TH MARCH 2009 THE AUDIT OF THE ANNUAL FINANCIAL STATEMENT, THE GROUP FINANCIAL STATEMENT AND THE SITUATION REPORTS FOR THE PARTNERSHIP AND THE GROUP FOR THE BUSINESS YEAR 2008 WERE IN FOCUS. IN THE ILLUSTRATION – FROM LEFT TO RIGHT: DR H. WERNER UTZ (CHIEF EXECUTIVE OFFICER), MR. FRANK W. DREISOERNER (ACTING CHAIRMAN OF THE SUPERVISORY BOARD), PROF. DR. BRUN-HAGEN HENNERKES (CHAIRMAN OF THE SUPERVISORY BOARD), MR. MARCO SIEBER (MEMBER OF THE SUPERVISORY BOARD), MR. THOMAS MUELLERSCHOEN (MEMBER OF THE EXECUTIVE BOARD)



The UZIN logo features the brand name in a stylized, outlined font with a registered trademark symbol.

UZIN

For more than 50 years the established traditional brand has stood for the embodiment of professional processing know-how involving floor-care. The comprehensive product and system competencies in the UZIN assortment range have been extended since 2008 by the innovative switchTec® adhesion technology, which enables particularly simple and dirt-free floor renovation.



The WOLFF logo is presented in a bold, blocky, sans-serif font with a registered trademark symbol.

WOLFF

The strong machine and tool brand for surface preparation and processing is established internationally as a specialist in this segment. WOLFF supplies a complete program, which offers a solution for every problem in floor-laying or renovation.



The Pallmann logo uses a clean, modern sans-serif font with a registered trademark symbol.

Pallmann

Comprehensive floor-care competence characterizes the Pallmann brand, which is strong in parquet flooring. The complete provider for the surface refinement of wood and cork floors is the inventor of water-based paints and can lay claim to the role of pioneer.



RZ

RZ is presented as refreshingly innovative and non-polluting, the youngest brand in the group portfolio. The specialist for cleaning and care systems offers a comprehensive range of products for professional care and preservation of value for all types of floor coverings. In this way, a bridge is built for the first time between the purely professional user and the demanding end user.

JORDAN LACKE

Jordan Lacke

The comprehensive floor-technology competence of the brand portfolio is ideally extended through the renowned Jordan brand varnishes. For more than 100 years it has specialized in joinery and in the furniture industry, and today offers a full assortment of future-oriented products for the painting and processing of surfaces.

Qeshfloor

Qeshfloor

In the industrial application sector, the trade-oriented brand Qeshfloor provides for basic values and requirements, such as: Quality, environment, color system, security and health on a hard-wearing denominator. More attractive and ecologically-compatible, and equally robust floor coverings can scarcely be realized.

codex 
exclusive to real tilers®

codex

The different demands and requirements, especially of tiles and natural stone coverings, are combined in the high-performance codex network brand. The codex laying systems offer their users tile and joint mortars, as well as special products for substrate preparation.



QUALITIES WHICH KEEP ON SUPPORTING

»THE BIRTH OF THE BRAND«, DISPLAYED ON 4,800 M² OF PARQUET IN THE MERCEDES-BENZ MUSEUM IN STUTTGART-UNTERTUERKHEIM. THE CONSTRUCTION SUPERVISOR AXEL OBERLE IS RESPONSIBLE FOR THE FUessler COMPANY IN KARLSRUHE, WHICH PROVIDES INTERIOR FINISH AND WHICH PROCESSES AND REFINES THE FLOOR WITH PALLMANN PRODUCTS, TO PROVIDE THE PROMINENT IMAGE OF THE TRADITION-RICH GERMAN AUTOMOBILE BRAND.

- » Especially in difficult times, a strategy which is sound and anchored on a long-term basis pays off.
- » Your main pillar for us is: Customer-orientation, system concepts, quality, innovation and sustainability.
- » Starting from this assured base position, we can successfully deal with problems involving expansion, development and future projects, and master difficult challenges ourselves.
- » Therefore every square meter which, thanks to our brand products, contributes to the entrepreneurial success of our customers, becomes the starting point for further progress and success with us.

■ **»WE CALCULATE THE PATHS TO SUCCESS IN SQUARE METERS«**

» This was also demonstrated again in 2008 with a credible sales growth of approximately 7%, with that the Group could continue the positive development of the previous year, in spite of the most adverse overall conditions, and set a very positive standard in comparison with the branch overall. Domestic turnover also made a perceptible contribution, which retained its positive tendency for the third year in succession. Also the successful integration of the brand SIFLOOR into the brand UZIN had a part to play: The sales target defined for 2008 for the product Sigan of the division switchTec® was significantly outdone. Instead of the targeted 25%, the actual surface increase finally indicated a proud 32.9%.

» In the harmonious compatibility of products, providers, markets and users, the synergies arise which ensure a front place for us on almost every project level and on every user level - even under the difficult general conditions which we surely have to expect in the coming years.

» With the integration of the RZ cleaning and care specialist, established in Meckenheim near Bonn, we carried out a further fine alignment of our brand portfolio in 2008. Care and preservation of value form a consistent extension of our traditional fields of competence in the floor sector.

» This system concept is therefore extended into a new dimension. Furthermore, with the RZ PURE premium product assortment, we have opened up for ourselves for the first time an additional marketing track leading directly to the end user, and therefore a completely new sales potential - with expected positive intrinsic reinforcement. This is because the finely-tuned RZ cleaning performance of professionals has qualities which also resonate with the heightened demands of value-conscious ordinary consumers.

» It is just in an economically troubled environment where the stability of companies and their financial, as well as strategic, positioning are proved. In a crisis of historical scale, the strategy of Uzin Utz AG has demonstrated itself to be strong and sustainable on a long-term basis. The Uzin Utz Group has also managed to continue to advance its core business, even under the more than difficult conditions in this crisis year of 2008, and has further extended its distribution channels internationally.

» Proof of the fundamental strength of the Group, which grows from the motivation and crisis resistance of its companies. And this forms a sound basis of confidence for our customers, employees, shareholders and partner companies worldwide.

» The economic environment still presented a picture which was to a large extent stable in the first half of the year, and still supplied significant growth stimuli for the Uzin Utz Group, even until September.

■ **»FOUR NOTICEABLE QUARTERS.
A CONVINCING ANNUAL BALANCE
SHEET.«**

» However the company was not spared by any means in the further progression of the effects of the crisis: With approximately 7.8 million EUR, the profit for the year in the Group was ultimately 8.7% below the previous year value, and thus also remained below expectations. Extraordinary factors played a part here, as well as the known insecurity caused by the global financial market crisis, particularly massive raw material price increases, global price increases, intensified competition and negative currency influences were factors. Furthermore, the result was further encumbered by (among other things) expenditures for the communication of the new product line switchTec®, the relaunch of the newly integrated RZ Group brand, as well as further special effects, for example in Great Britain.

» As a consequence, a perceptible loss in value was also inevitable for Uzin Utz shares.

» Despite this, the four quarters added to an annual performance which is well up to the level of Uzin Utz AG in total, and with which it stands well in relation to the rest of the sector.

» Insofar as it exists, the current market value of the Utz Uzin shares must be interpreted rather as an indicator of the currently desolate financial and stock market situation, as well as the strained economic position in total. Analysts assume a gradual regeneration of stock value in the medium term, which will be strongly determined by development in the construction sector and on the financial markets however.

» Our investor-relations department 2008 maintained beneficial and confidence-forming contacts to investors and prospective customers, as well as agents of specialist committees and the financial press, with numerous personal and telephone discussions. In their function as designated sponsor, we could again count on important stock exchange assistance from LBBW, especially in the year of crisis.



STABILITY STABILIZES CONFIDENCE

THE »NEUE MITTE« CITY CENTER CONSTRUCTED IN 2007 IN THE HEART OF ULM IS ALSO AN ATTRACTIVE NEW LOCATION FOR THE LOCAL SPARKASSE SAVINGS BANK, HERE PRESENTED THROUGH EXECUTIVE BOARD SECRETARY MS SABRINA SCHARPF. THE JATоба SOLID WOOD FLOORING WITH 150 M² OF REPRESENTATIVE CONFERENCE ROOM WAS IMPLEMENTED BY THE NEU-ULM COMPANY OF ULRICH GMBH & CO. KG WITH UZIN PRODUCTS, AND IT POSSESSES GENUINE DURABILITY QUALITIES.

» The entrepreneurial success of our professional users is associated closely with the exceptional qualities of our brand products, which are available worldwide and, in part, with national adaptations. The surface-related expansion of our market presence is therefore always associated with infrastructural, logistical, and of course product-sided developments and optimization steps. On a long-term basis, a market penetration with the entire group brand portfolio is striven for, also internationally.

» Also in 2008, the Uzin Utz Group therefore made up further square meters on foreign terrain:

» Once again numerous investments were made in the extension of the international marketing activities, as well as in the reinforced presence on global markets. In particular, the activities on the American continent, as well as in south-east Europe, continued to be intensified. Here in particular, the acquisition of the Unihem Group, with head office in Ljubljana in Slovenia, is worth-mentioning: Using their marketing structures, which have already been established for decades and are currently being extended, the entire south-east-European market should be developed little by little. As an extension to that, a new marketing company has been founded in Hungary.

» On the productive side, as well as the domestic works, the locations in Buochs and Sursee (Switzerland), Haaksbergen (Netherlands), Legnica (Poland), Soissons (France), Shanghai (China), Ljubljana (Slovenia) and Jakarta (Indonesia) have participated actively in the increased floor space capacity.

» The partnerships abroad in Switzerland, France, the Netherlands and Poland have primarily contributed to the positive total turnover in 2008. With a foreign content slightly decreased to 54%, the entire Group could increase foreign turnover by about 4.0 million EUR compared to the previous year. At the Ulm location in Germany, investment in an optimized process control in the ready-mix mortar works resulted in a further-improved productivity rate. In total, the capacity utilization of all Uzin Utz works was about 90%, and with that approximately 1% percent higher than in the previous year.

» This square-meter-related development of ever more project fields around the globe is a strategic objective, which is as ambitious as it is based on long-term thinking, to which the companies of Uzin Utz AG are getting closer step-by-step and from different directions. As before, the primary focus will be on central Europe: DS Derendinger AG, in Thierstein, Switzerland, was taken over 100% at the end of the business year, with effect on January 01, 2009, by Uzin Tyro AG. Mainly involved with machines for floor-covering removal, the Swiss commercial enterprise managed a revenue turnover of 6 million Swiss Francs in 2007.

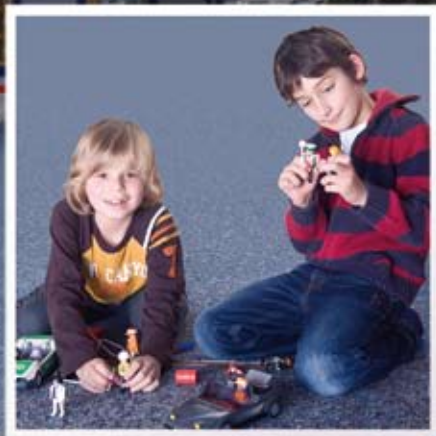
■ **»TO MAKE UP SQUARE METERS, IT IS NECESSARY TO MAKE EVERY SQUARE METER COUNT.«**

» The activities of the Group are aligned not only to flooring and surfaces, but also extend to »Down Under«: The foundation of a New-Zealand marketing company marks a further important, globally-oriented expansion step. From here, the Australian and Pacific room should be opened up and served. Furthermore, P.T. Uzin Utz Indonesia, which was already founded in 2007, started their operational business activities in April 2008.



FLOOR THICKNESS WHICH GOES BELOW THE SURFACE

TRADITION HAS ITS OBLIGATIONS. IN THE WORLD-FAMOUS LOEWENBRAUEKELLER BEER CELLAR IN MUNICH, EVERY SQUARE METER OF THIS IS A VERIFICATION OF SUSTAINABILITY. THE APPROX. 500 M² GUEST HALL SHINES IN VERONA ROSSO MARBLE, WITH INLAYS AND SURROUNDING NATURAL STONE FRIEZE FROM JURA IN GRAY MARBLE. A TOTAL OF 2820 M² OF WALL AND FLOOR TILES WERE LAID IN THE ENTIRE PROPERTY, WHERE MR. MARCUCCI OF THE PUCHHEIM COMPANY MARENIA GMBH TRUSTED IN THE EMPLOYMENT OF OUR PRODUCTS IN THE LAYING WORK.



THE FUTURE IS WHAT WE MAKE OF IT

SPIELPLATZ IN GERMAN MEANS: PLAYGROUND OR ROMPER ROOM. IN THE PLAYMOBIL FUNPARK, OPENED IN 2005 IN ZIRNDORF NEAR NUREMBERG, YOUNG PEOPLE FIND PLAY AREAS WITHOUT END, E.G. IN THE ILLUSTRATED HOB CENTER, WHERE APPROX. 4,000 M² OF HIGHLY DURABLE TEXTILE COVERING TILES WERE LAID. MARTIN SCHMIDT, IN HIS FUNCTION AS FINANCIAL MANAGER AND COMPANY SHAREHOLDER OF THE EXECUTIVE CO. KNOELLER FUSSBODENTECHNIK GMBH, NUREMBERG, USES BRAND PRODUCTS OF THE UZIN UTZ GROUP NOT ONLY HERE, BUT ALSO WHEREVER HE CAN.

■ **»THE MOST IMPORTANT SQUARE METERS ARE STILL IN FRONT OF US!«**

» Sustainability is not an end in itself, rather it is a practiced future protection on all levels. A company which wants to continue to exist in the future must introduce and pursue the necessary correct steps today. Therefore we stand by our responsibility with respect to customers, partnerships and environment, and we feel ourselves obligated to a sustainably-oriented strategy. As well as the production-related and marketing-structural specifications, it involves above all idealistic and personnel values and resources in research, development and know-how, which have a significant content in our role of pioneer concerning sustainability and environmental protection.

» Because know-how is not available just as desired, it was always our aim to cultivate this important resource Group-wide and to maintain a competent and renewable core employee staff. This staff increased in 2008 by about 11%: In total 806 employees are distributed on annual average over German and foreign companies and associated companies of the group. In addition, 45 young persons (previous year: 33) received a training apprenticeship, which corresponds to a training rate of approx. 7%. »We prepare the ground for education« - with this motto Uzin Utz AG was entered in the book for training apprenticeships, where the initiative of the Federal Ministry for Training and Research at the end of October made a guest presentation at the Ulm company. Once again the company was cited as an exemplary training company by the Ulm Chamber of Industry and Commerce, as well as on the part of the Chemical Employers Association, where it was distinguished for »special training capacities«. We are genuinely proud of this comprehensive esteem of our training commitment.

» As a further important measurement variable, the innovation lead margin of the Group was again strongly in focus in 2008: An amount of 4.6 million € was spent for research and development, where the innovation rate could be significantly increased by 6% to more than 36% compared to the previous year, which is at its best level yet. Always hungry to acquire new surface areas, the companies WOLFF and Frank (among others) were involved in the development of a new parquet sanding machine generation.

» In the timber surface and parquet sectors, Pallmann and Jordan excelled with numerous orientation-indicating and innovative developments and projects. In case of the Qeshfloor brand, the further development and optimization of the production process was concentrated on in 2008. As early as in the first year after the merger, RZ Chemie GmbH got involved in comprehensive development work, integration activities and marketing measures. In case of the UZIN and codex brands, important preparations for innovative and sales-promoting unique features were put in place, the commitment of the research and development department extended to further optimization, market adaptation and certification of individual products and processes.

» Thanks to a strategic direction pursued consistently over decades, an exceptional team performance of our highly-qualified and motivated employees, and an exemplary risk management, the Uzin Utz Group is today not on the defensive, but can continue its growth progress with moderation. Therefore we remain optimistic in defiance of all crisis scenarios: »Our most important square meters are still before us – and we are well prepared for them!«

CONSOLIDATED FINANCIAL STATEMENT
OF UZIN UTZ GROUP FOR FINANCIAL YEAR 2008

PROFIT AND LOSS ACCOUNT	17
BALANCE SHEET	18
STATEMENT OF CHANGES IN EQUITY	20
CONSOLIDATED CASH FLOW STATEMENT	21
SEGMENT REPORTING	22
EQUITY HOLDINGS	23
COMMENTARY BY THE MANAGEMENT BOARD ABOUT THE BUSINESS YEAR 2008	25

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

Consolidated Profit and Loss Account			2008	2007
	TEUR	TEUR	TEUR	TEUR
1. Sales revenues	177,390			166,137
2. Changes in inventory of finished goods and work in process	124			2,812
3. Total output		177,513		168,949
4. Other operating income		2,892		2,385
5. Income from investment properties		403		0
			180,808	171,334
6. Costs of material		-78,722		-75,754
7. Personnel expenses				
a) Wages and salaries	-36,222			-32,302
b) Social security and other pension costs	-7,524			-6,710
		-43,746		-39,012
8. Depreciation/amortisation on tangible and intangible assets		-5,250		-4,882
9. Other operating expenses		-39,658		-37,356
			-167,375	-157,004
10. Earnings before interest and taxes (EBIT)			13,434	14,330
11. Revenues from investments in associates (equity method)		32		0
12. Interest and similar income		437		225
13. Interest and similar expenses		-3,435		-2,541
			-2,966	-2,317
14. Result from ordinary activities (EBT)			10,467	12,013
15. Taxes on income		-1,879		-2,932
16. Other taxes		-843		-518
			-2,722	-3,450
17. Net income for the year			7,745	8,564
18. Minority interests in profit			91	16
19. Consolidated net income for the year			7,837	8,580

CONSOLIDATED BALANCE SHEET

Assets	2008	2007
TEUR	TEUR	TEUR
A. Non- current assets		
I. Intangible assets		
1. Licenses, industrial property rights and similar rights and values	6,799	6,247
2. Goodwill	26,513	25,219
	33,312	31,465
II. Tangible assets		
1. Land and leasehold rights and buildings, including buildings on third-party land	28,550	29,426
2. Plant and machinery	21,120	19,422
3. Other equipment, operating and office equipment	7,346	6,625
4. Payments on account & tangible assets in course of construction	1,492	2,692
	58,508	58,165
III. Non- current financial assets		
1. Shares in affiliated companies	113	76
2. Investments in subsidiaries and associated companies	345	0
3. Securities held as fixed assets	25	25
4. Other lendings	272	143
	754	245
IV. Investment Properties	2,232	0
V. Deferred tax assets	1,395	1,448
VI. Other non-current assets	903	1,078
	97,104	92,401
B. Current assets		
I. Inventories		
1. Raw materials and supplies	7,556	9,704
2. Work in progress	1,421	830
3. Finished goods and goods for resale	12,644	12,234
4. Payments on account	108	40
	21,729	22,809
II. Trade receivables	23,964	25,115
III. Other financial current assets	60	19
IV. Cash and Cash equivalents	13,638	9,881
V. Other current assets	5,240	4,729
	64,632	62,553
	161,737	154,954

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity (in TEUR)	Subscribed capital	Capital reserve	Retained earnings		Reserve on own shares	Other transactions	Equity according to balance sheet	Minority interests	Total Equity
			Group net income	Translation differences					
01 January 2007	12,805	13,624	34,012	-131	-1,040	-4,006	55,265	18	55,283
Exchange rate-related difference	0	0	0	-364	0	0	-364	0	-364
Other changes	0	0	34	0	0	0	34	-16	18
Net Income directly recognised in Equity	0	0	34	-364	0	0	-330	-16	-346
Net profit of the year	0	0	8,580	0	0	0	8,580	-16	8,564
Total recognised Income and Expenses	0	0	8,615	-364	0	0	8,250	-33	8,217
Own shares	0	0	0	0	1,019	0	1,019	0	1,019
Dividends payed	0	0	-3,840	0	0	0	-3,840	0	-3,840
31 December 2007	12,805	13,624	38,786	-495	-21	-4,006	60,694	-15	60,679
Changes in accounting methods/correction of errors	0	0	-53	0	0	0	-53	0	-53
Balance as of January 01, 2008	12,805	13,624	38,733	-495	-21	-4,006	60,641	-15	60,626
Exchange rate-related differences	0	0	0	-223	0	0	-223	9	-214
Other changes	0	0	30	0	0	0	30	-20	10
Market valuations for cash flow hedges	0	0	0	0	0	-218	-218	0	-218
Net Income directly recognised in Equity	0	0	30	-223	0	-218	-411	-11	-422
Net profit of the year	0	0	7,837	0	0	0	7,837	-91	7,745
Total recognised Income and Expenses	0	0	7,867	-223	0	-218	7,426	-102	7,324
Own shares	0	0	0	0	-103	0	-103	0	-103
Dividends payed	0	0	-3,840	0	0	0	-3,840	0	-3,840
Changes in basis of consolidation	0	0	0	0	0	0	0	22	22
31 December 2008	12,805	13,624	42,760	-718	-124	-4,224	64,123	-95	64,028

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

Consolidated cash flow statement	2008 TEUR	2007 TEUR
Net profit for the year	7,745	8,564
+/- Depreciation and amortisation of fixed assets	5,250	4,882
+/- Change in provisions	-84	335
+/- other non-cash income and expense items	-1,247	-473
-/+ Gain/loss on disposal of non-current assets	-1	6
+/- Change in current assets (inventories, receivables)	4,133	-3,042
+/- Change in liabilities	-4,796	-449
Cashflow from operating activities	11,001	9,824
+ Proceeds from disposal of tangible assets	179	423
- Investments in tangible assets	-4,720	-6,276
+ Proceeds from disposal of intangible assets	319	0
- Investments in intangible assets	-320	-592
+ Proceeds from disposal of financial assets	29	19
- Investments in financial assets	-165	-157
- Change from acquisition/sale of consolidated companies	-3,281	-4,780
Cashflow from investing activities	-7,959	-11,364
- Payments to shareholders and minorities	-3,840	-3,840
+ Proceeds from the issue of bonds	2,862	-1,153
- Repayment of bonds	0	0
Cashflow from financing activities	-979	-4,993
+/- Payment-related change in cash and cash equivalents	523	-6,533
- Exchange-rate-related and other changes in cash and cash equivalents	-15	62
+ Cash and cash equivalents at beginning of the period	-6,572	-100
Cash and cash equivalents at the end of the period	-6,064	-6,572

Cash and cash equivalents	2008 TEUR	2007 TEUR
Cash and cash equivalents	13,638	9,881
short-term liabilities due to credit institutions	-19,702	-16,453
Cash and cash equivalents	-6,064	-6,572

SEGMENT REPORTING

Segment reporting geographical according to the location of assets December 2008 (in TEUR)	domestic		abroad		consolidation/ others		Total Group	
	2008	2007	2008	2007	2008	2007	2008	2007
External sales	102,274	89,959	75,116	76,178	0	0	177,390	166,137
Intercompany sales	25,831	25,480	7,662	3,491	-33,493	-28,972	0	0
Total sales	128,105	115,440	82,778	79,669	-33,493	-28,972	177,390	166,137
Net profit	6,864	7,519	5,707	6,457	-4,734	-5,396	7,837	8,580
Assets	126,933	122,659	61,298	55,217	-26,495	-22,922	161,737	154,954
Liabilities	11,272	12,237	20,017	19,939	66,425	62,099	97,714	94,275
Investments	7,466	12,618	3,610	7,197	-3,402	-4,919	7,675	14,896
Depreciation	3,606	3,220	1,643	1,663	0	0	5,250	4,882
non-cash expenses (except depreciation)	801	761	899	527	0	0	1,700	1,287

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	
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
External sales	49,251	47,569	11,937	12,171	32,357	28,444	47,581	42,429	36,264	35,525	0	0	177,390	166,137
Assets	49,220	48,920	12,796	13,181	32,870	29,910	50,970	47,299	42,375	38,566	-26,495	-22,922	161,737	154,954
Investments	2,007	4,097	522	1,104	1,340	2,505	2,078	3,961	1,728	3,230	0	0	7,675	14,896

Equity Holdings
(figures according to local GAAP)

Company	Place	Share of capital in %	Equity	Net income
Uzin Dr. Utz Ges. mbH	AT, Vienna	100.0	-298	-45
Unipro-Belgie N.V.	BE, Gent	99.98	937	66
Uzin Tyro AG	CH, Buochs	100.0	4,647	977
Sifloor AG	CH, Ruswil	100.0	5,737	602
Uzin Utz Constructions Materials Co.Ltd.	CN, Shanghai	90.0	-305	-293
Uzin s.r.o.	CZ, Prague	100.0	1,357	372
artiso solutions GmbH	DE, Blaustein	50.0	110	22
Artiso AG *)	DE, Blaustein	50.0	30	1
RZ Reinigungs- und Pflegesysteme GmbH	DE, Meckenheim	100.0	-1,587	-126
Genial Produkte GmbH	DE, Meckenheim	100.0	-1,325	-110
Hermann Frank GmbH & Co. KG	DE, Oberderdingen	100.0	1,129	60
Hermann Frank Verwaltungs GmbH *)	DE, Oberderdingen	100.0	27	1
BIL LEASING Verwaltungs GmbH & Co. 870 KG	DE, Pöcking	94.0	-4,041	319
Objekteure Verwaltungsgesellschaft mbH *)	DE, Ulm	100.0	28	1
Utz Beteiligungs GmbH **)	DE, Ulm	100.0	2	-25
Uzin Utz AG	DE, Ulm		39,371	4.005
JP Coatings GmbH	DE, Würzburg	100.0	5,683	555
Uzin France SAS	FR, Paris	100.0	1,754	105
Uzin Limited	GB, Abingdon	100.0	994	-613
Unikem d.o.o **)	HR, Zagreb	50.0	291	2
Uzin Utz Magyarorszáig Kft. *) ***)	HU, Budapest	90.0		
Unipro B.V.	NL, Haaksbergen	100.0	3,546	1.665
Ufloor Systems NZ Ltd. **)	NZ, Whangaparaoa	90.0	144	-70
Uzin Polska Produkty Bodowlane Sp.zo.o.	PL, Legnica	100.0	2,231	646
Uzin Polska Sp.zo.o.	PL, Legnica	100.0	1,073	309
P.T. Uzin Utz Indonesia **)	ID, Jakarta	49.0	705	65
Unihem d.o.o. **)	SLO, Ljubljana	50.0	2,506	939
Unihem Trading d.o.o. **)	RS, Belgrade	50.0	42	-156
Utz Inc.	USA, Greensboro	100.0	212	-1
Ufloor Systems Inc.	USA, Greensboro	90.0	-837	-711

*) not consolidated

***) first consolidation in business year 2008

****) figures not available while printing

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 2008

BUSINESS DEVELOPMENT AND UNDERLYING CONDITIONS	25
Business development, business activity and the underlying conditions	25
Internal steering system	26
Events, decisions and factors that have a significant effect on the further development of the company	27
SITUATION OF THE GROUP	27
Revenue situation	28
RISK REPORT	29
Important risks	29
Description of the risk management system	29
PROGNOSIS REPORT	30
Important process after the end of the business year	31
Research and development work	31

Development of sector and overall economy

» Macroeconomically the European markets, which are important to the Uzin Utz Group, developed in the year 2008 with far less growth than in the previous year. The bank crisis, at first a crisis involving the international finance system, has extended since the 2nd half of the year 2008 to become a serious recession.

» The world economy, beginning from the third quarter of 2008, however, underwent dramatic contractions. The main reason for this was the uncertainty provoked in consumers resulting from the bank crisis as it intensified worldwide. In particular in industrialized countries, its effects are being increasingly felt in the real economy. Nevertheless, in the Eurozone a slight plus of 1.4% could be listed in total however.

» The growth of gross domestic products in Germany, Poland, the Netherlands, Belgium and Great Britain were below growth rates of the previous year, however this year a partial growth rate can also be again listed in total in the construction sectors of these countries. The German economy, with a gross domestic product growth of 1.3%, increased for the first time in two years (2.5).

» The German building industry has been able to stand up comparably well to the capital market crisis and the macroeconomic recession up to now, explained Dipl.-Ing Herbert Bodner, president of the Union of the German Building Industry e.V., at the annual launch press conference on January 8th, 2009. The revenue turnover in the building main trade was again significantly above the level of the previous year in total. Those significant trends in our environment, which can contribute to the growth of Uzin Utz, have developed positively:

» The motor of the construction upswing in 2008 was also commercial construction, where a growth of 10.7% (2.3) could be listed. Also building investments in 2008 increased for the third time in succession, with approx. 3.0% above the growth of the previous year (2). Public construction works established themselves as a second pillar of the construction up-swing, which could end the year 2008 with a revenue turnover plus of 4.6% (1.7). On the other

hand, according to Bodner, residential construction, which has been troubled for years, could not match the two other construction sectors.

» Nevertheless it represents a resource: According to a current representative survey of Heinze market research with 10,000 households, no complete breakdown in orders is expected in the renovation sector. Modernization remains a stable and important factor, unlike new building.

» For 2009, revenue turnover stagnation is predicted overall for Germany for the main building trade, where a decline of -1% in residential construction, -5% in commercial construction and a growth of 8% in the public sector, in comparison to the previous year, are estimated. Internationally the building sector has entered a downturn with the advent of the real estate crisis. This applies in particular to countries with formerly strong real estate markets, such as USA, Great Britain, Spain and Ireland, which are noting prominent top-down corrections. Forecasts for this year indicate a slightly noticeable improvement of the situation in places.

Appraisal of the company management

» The revenue turnover of the Group could be significantly increased in the year 2008 by approximately 7%. In this way, the Group again grew far more strongly than other companies in the sector, and could build up a wide market share against a background of very tight competition. Revenue turnovers could also be again significantly increased in Germany in the third year in succession. The Group links this to the favorable business development of the previous year, even if profitability decreased in comparison to the previous year.

» The Uzin Utz Group did well in relation to the sector in a challenging economic environment, characterized by raw material price increases resulting from global price increases, uncertainties arising from the financial market crisis, intensified competition and negative currency influences.

» Numerous investments in the structuring of marketing activities, the further build-up of the south-

east European market, as well as the American market, the communicative structure of the new product line switchTec®, the six-month relaunch of the RZ brand newly introduced in December 2007 with cleaning and care systems and further special effects, for example in Great Britain, negatively affected the EBIT, which was 9% below that of the previous year. Nevertheless, a reasonable level was achieved for the Uzin Utz Group under the given circumstances.

» The integration of the SIFLOOR brand into the UZIN brand a year ago went off very successfully. Our revenue turnover target for 2008, which we formulated at the DOMOTEX trade fair for the Sigan products of the switchTec® division, has been more than achieved: Instead of about 25%, we could achieve an increase of 32.9% with the products for surface care.

» With the sales growth as mentioned, the Uzin Utz Group, also this year, further developed the core business, and advanced the strength of the company by combining more intelligent system solutions with attractive premium products and qualitatively high-value technical and logistical services.

» Our alignment is basically correct. Thanks to its marked customer-orientation, its broadly diversified brand segments and prudent control and constant efficiency increases in its product range, as well as purposeful funds application, Uzin Utz is undergoing a controlled growth.

» The floor-care competence brand UFLOOR Systems is the single brand on the market which can provide advisory support comprehensively and competently in all questions involving floors, for example with regard to fast renovation or sustainable and ecological building.

» This is because we see economic potential in ecological aspects, and it is not for nothing that Uzin Utz AG has always had a role as a pioneer with regard to environmental protection and sustainability.

» The clear focussing of the entire company group on the floor-care core competence is unique up to now. With this unique expertise, we could again score well in intensive competition.

» These are all stimuli for our further growth, however, all on the basis of a common denominator with a clear focussing, and not with arbitrary expansion of our business. Our seven brands are generators providing stimuli and the added value of our wide range presentation is unique in the sector.

Company-internal success factors

» As before, the long-standing strategy of combining company-internal success factors, such as

- highly qualified and motivated employees
- a high product quality in an intelligent system offer and
- a unique service and logistics concept,

has had sustainable effects. Nothing has changed in this strategic direction in the past, and it continues in the future.

» We are flexible and adaptable. In addition, we are continuously working on new and benefit-oriented products. We have an exceptional risk management system, which has added sustainably to our value and thus contributes to long-term business success.

» All of this and the exceptional team performance of all employees in the Group, as well as satisfied customers, contribute to stability and offer new opportunities which our company is well positioned to exploit.

» Another favorable aspect is that our sustainable strategy has also been recognized with citations: Uzin Utz AG was honored with the renown »Deloitte-Axia-Award 2008« for exceptional risk management. The award in the category »Sustainable value-added« is a pleasant confirmation of our successful efforts, and reinforces us in our efforts to hold consistently to this market course.

» The number of employees in the Group has increased on average to 806 (721). Of these 491 (438) work here in Germany and 315 (283) work abroad with associated companies. In addition, 45 (33) young persons were able to get training posts. This impressively underlines the efforts we have made over many years to develop our own qualified specialist personnel Group-wide and to thus prepare for future tasks within the company. Furthermore, the Group will observe this

important task in partnership policy and offer future perspectives to young persons with specialist instruction and training possibilities, and simultaneously assure the presence of qualified junior staff. Uzin Utz desires that their exceptional commitment also remains in the company in the future. Therefore everything is being done to promote this optimum potential.

» The company was once again recognized in 2008 as an exemplary training company by the Ulm Chamber of Industry and Commerce, as well as by the Chemical Employers Association, as providing »special training capacities«.

» Uzin Utz AG and Unipro B.V., Haaksbergen, Netherlands, are companies certified according to DIN ISO standards. Also in 2008, further internal auditors received instruction and advanced training in these companies, and each realized a comprehensive audit program. The external repeat audits and re-certification audits again confirmed the high quality, as well as the legitimacy, of the previous certification.

» In the business year 2008, production was carried out within the Group at production locations in Ulm, Vaihingen/Enz, Oberderdingen, Würzburg, Meckenheim, Buochs (Switzerland), Sursee (Switzerland), Haaksbergen (Netherlands), Legniapprox. (Poland), Soissons (France), Shanghai (China), Ljubljana (Slovenia) and Jakarta (Indonesia). The total utilization capacity of all UZIN Utz works was approximately 90%, and thus increased by approximately 1 percentage point compared to the previous year (89). In the

year 2008 there were no appreciable expansions of the production capacities within the Group.

» As a result of investment in modern process control, productivity in ready-mix mortar work could be further increased.

» There were no significant changes in the production program. The generally very long product life cycles also remained almost unchanged in the year 2008. Group-wide, every manufactured charge is subjected to strict quality control, as always. Deliveries are not carried until approval through the responsible laboratory.

» In the area of raw material suppliers, there were also a few changes in the year under review, however the procurement structures have remained basically unchanged. Effects from the introduction of REACH on the supplier master list still cannot be unambiguously foreseen, since the preregistration phase lasted until November 2008, and therefore possible changes will first be indicated in the course of the year 2009.

» Also in the year 2008, nothing changed in the Group-wide basic principles of long-term schedule planning, long-term contract partnerships and strict and comprehensive quality controls in the procurement area.

» Energy costs went up due to increases in prices, as well as the designated sales volume increases. Optimization in the production sector, as well as a heightened energy awareness, continue to be the

Key figures group	Calculation	2008	2007
Cash flow from ordinary activities	see Cash Flow Statement	11,001 TEUR	9,824 TEUR
Sales revenues	see Profit and Loss Account	177,390 TEUR	166,137 TEUR
Result from ordinary activities	see Profit and Loss Account	10,467 TEUR	12,013 TEUR
Return on sales	Result from ord. act./sales revenues	5.9%	7.2%
Return on equity	Result from ord. act./equity	16.3%	19.8%
Equity ratio	Equity/Balance sheet total	39.6%	39.2%

main cornerstones of an ecological handling of all energy resources.

» The financing strategy is explained in the section »Financial situation« in this report.

Internal organization and decision-making

» The internal Group organization follows the basic principle of direct decision-paths and hierarchies as flat as possible. All significant decisions are prepared within departmental and sector committees, and are forwarded with a decision recommendation to the respective company manager/executive board. All significant decisions are reviewed with the executive board of Uzin Utz AG by the respective general manager/executive board of the associated company. All approval-mandatory decisions are presented by the executive board of Uzin Utz AG to the supervisory board of Uzin Utz AG for authorization.

Important events and developments in the year under review

» Further important steps leading to expansion were undertaken this year with the foundation of the New-Zealand marketing company, which also serves (among other things) the Australian market, and the acquisition of the Unihem Gruppe, which, with the newly-founded Hungarian marketing company, concentrates its activities on the entire southeast European market.

» At the end of the business year, with effect to date January 01, 2009, 100% shares in DS Derendinger AG, Thoerishaus, Switzerland were taken over by Uzin Tyro AG, Switzerland. The main emphasis of the commercial enterprise is on machines for floor-covering removal and, with 16 employees, it achieved a revenue turnover of 6 million Swiss Francs in 2007.

» Furthermore, P.T Uzin Utz Indonesia, already founded in 2007, began their operational business activities in April 2008.

» Within the framework of the existing authorization of the general meeting, the executive board decided in November 2008 on a stock buyback program. The stock buyback should include up to 50,000 individual

share certificates and be limited in time to 5th November 2009. The bought-back stock can be employed for all objectives stipulated in the authorization provided by the general meeting, however, in particular for the objective of utilizing the acquired own stocks in association with the acquisition of companies, company shares or investments in companies.

Internal control system

» The Group-wide internal control system is based on a great number of mechanisms and key indicators, which represent area-specific procedures and make area-specific procedures quantifiable in each case. Over and above all departments, the following financial variables and key indicators are the top concern of all internal control systems:

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

Events, decisions and factors with significant influence on the further development of the company

» All events, decisions and factors with significant influence on the further development of the Group, which were already known in the year 2008, are included in the subject-related part of this report in each case. All facts of this type, which became known between the end of the year 2008 and the time of the generation of this report, are explicitly included in the section »Significant processes after the end of the business year«.

Deviations from formerly reported expectations

» Compared with the appraisal in the situation report a year ago, changes have resulted due to economic conditions. The revenue turnover and result planning of the initial budget of 2008 were adapted in the course of the year to economic factors, and the forecasts for the current business year 2009 were revised.

» The capital, finance and earnings and profits of the Group developed satisfactorily in total, also in the year 2008 - given the economic circumstances. A majority of the investments in new acquisitions and new foundations, as well as the further penetration of the market, could be financed from own earnings. For operating resources and smaller asset investments at the Ulm location, a long-term loan was taken up.

» Between the end of the year 2008 and the time of the generation of this report, a slight decline could be noted in the revenue turnover sector in comparison to the previous period, however not so significant as the revenue turnover decreases of the sector generally. Due to economy growth in Europe still remaining stagnant or regressive, forecasts are consequently very difficult, however we remain confident due to our specialist diversity, as well as our geographic diversity. In-house factors which infer complications in the reporting of the future situation are not known.

Financial Position

» The balance sheet total increased by 6.8 million EUR to 161.7 million EUR (155.0). The share of the Group fixed assets increased to about 59% (58), while the remaining assets were therefore 41% (42) of the balance sheet total.

» Customer demand decreased, in spite of the revenue turnover increase and the newly consolidated partnerships, from 25.1 million EUR to 24.0 million EUR. The exchange rate influence in the conversion of non-Euro balance sheets amounts to -0.7 million EUR here.

» As a result of inventory reductions in the area of raw materials, auxiliary materials and operating materials, the inventory decreased by 1.1 million EUR from 22.8 million EUR to 21.7 million EUR. In the raw material area, the causes for this were in efforts to wait for expected price mark-downs at the start of the year 2009, whereas in previous years it had always been expected that there would be increases in prices for the new business year.

» Tangible assets increased, due to investments and due to the newly consolidated companies, by 2.6 million EUR to 60.7 million EUR. Furthermore, the ex-

change rate influence from conversion of non-Euro balance sheets amounts to 0.6 million EUR here.

» Intangible assets increased, due to the newly acquired partnerships, by 1.8 million EUR from 31.5 million EUR to 33.3 million EUR.

» Cash resources increased by 38%, or 3.8 million EUR, to 13.6 million EUR.

» The complete assets situation represents operationally-required values, as always.

Liquidity and capital resources

» The equity capital was 64.0 million EUR (60.7) and, with a share of the balance sheet total of 40% (39), is still significantly above the sector average.

» The short-term liabilities with respect to credit institutes increased by a total of 9.9 million EUR, to 32.9 million EUR. The causes are the increase of investments in material assets and financial assets, and financial requirements for ongoing business activity that additional involve short-term loans and/or current account credits.

» Taxation provisions decreased slightly from 1.1 million EUR to 1.0 million EUR.

» Other provisions remained almost at the level of the previous year, with 7.1 million EUR (7.1)

» The share of the short-term liabilities on the balance sheet total increased as a result to 32% in the year 2008, from 29% in the previous year.

» The long-term liabilities with respect to credit institutes decreased by 3.8 million EUR to 35.6 million EUR (39.4). The inventory was increased through the taking up of the below-designated long-term loan at the Ulm location, however, it could in turn be reduced more strongly by redemptions.

» The share of the entire long-term liabilities on the balance sheet total decreased as a result to 28% in the year 2008, from 32% in the previous year. In absolute terms, the entire long-term liabilities decreased by approximately 3.4 million EUR, from 49.0 million EUR to 45.6

» The basic principle, and equally the objective, of the financial management is to guarantee sufficient liquidity at all times, with at the same time a

high equity ratio far above the sector average. This requirement could be satisfied in the year 2008 as well. The liquidity was always guaranteed and credit lines were never required in full amounts. In 2008 measures were taken for the financing of operating resources in the amount of 2.8 million EUR. In addition, no special, additional financing measures were necessary in the year 2008. The total credit volume in the Group in the year 2008 was 68.5 million EUR, after 62.4 million EUR in the previous year. Also included here are two secondary capital tranches of Uzin Utz AG in the amount of 5.3 million EUR, which originate from the »Capital program for work« of the credit bank for reconstruction. The bank, with regard to priority with its claims from this loan, irrevocably places itself behind all current and future claims (e.g. §§467, 348 BGB) of the creditor with respect to the claims on repayment of the capital-replacement loan of a company shareholder or similar claims.

» Publicly-offered grant programs, middle-sized company loans, and thus interest-favorable financing, were applied for again and utilized.

» For the interest assurance of variably financed loans of Uzin Utz AG with the initial total amount of 5.55 million EUR, a total of 4 interest caps were acquired as early as in the year 2003, of which 2 still exist. For a variable interest-bearing loan to be taken up in 2009, an interest protection business was concluded in 2008. For a nominal value of 5 million EUR an interest rate of 4.92% was protected.

» In addition, on a case by case basis and for the assurance of definite payments, or in case of important foreign currency debts and liabilities, forward exchange dealing businesses and currency options were concluded.

» For the coming years, larger investments are planned for the expansion of the production location in Ulm. The entire investment volume for that is approximately 6 million EUR, of which the main part will occur in the years 2009 and 2010. No further significant investment volume is expected for 2009, therefore no significant additional financing measures and intentions are known for the year 2009.

» The detailed development of the liquidity is represented in the Group flow of funds analysis.

Profitability

» The sales revenues of the Group increased in the year 2008 by about 7% from 166.1 million EUR to 177.4 million EUR. This was due in particular to the positive sales trends of Uzin Utz AG and JP Coatings GmbH, as well as the partnerships in Switzerland, France, the Netherlands and Poland. Furthermore, the newly-consolidated partnerships RZ Chemie, Genial, Ufloor Systems New Zealand Ltd. and the Unihem Gruppe (50%) have contributed to that with 5.8 million EUR. Generally it is to be considered, in case of comparison with the previous year, that RZ Chemie GmbH and Genial Produkte GmbH were first consolidated on date 31.12.2007, and as a result the earnings figures in the Group are first considered in 2008.

» The entire Group foreign turnover increased due to these effects to approximately 96.0 million EUR (92.0). The foreign country content reduced slightly to 54% (55). The content of the revenue turnovers outside of the Euro zone reduced to approximately 21% (23). The currencies relevant for the Group, outside of the Euro zone, developed as follows:

» The entire exchange rate influence on the Group revenue turnover was 0.35% (-0.35).

» The sales volumes in the Group could also be increased in the year 2008. As well as Uzin Utz AG, the partnerships, in particular in France, Poland, the Netherlands and Switzerland, and JP Coatings GmbH could also list significant quantity growth rates in part. The selling prices Group-wide were held mainly constant in this case.

» Due to the manufacture being aligned to charge production and the very short time usually existing between order and delivery, production is generally implemented for an anonymous market and supply is from the stock that regularly amounts to approximately 1.5 monthly turnovers Group-wide. Statements for the order backlog are thus not expressive.

» The overall capacity increased by 5% to 177.5 million EUR (168.9).

» The absolute material expenditure increased in

this case by 3.9% from 75.8 million EUR to 78.7 million EUR. The material-usage rate in the Group sank from 44.8% to 44.1%.

» The share of personnel costs in the overall capacity increased due to the personnel increase to 24.6% (23.1). Personnel costs increased in absolute terms from 39.0 million EUR to 43.7 million EUR, due to the valuation scale increases and the new consolidated partnerships.

» The depreciation volume increased from 4.9 million EUR to 5.3 million EUR, in particular due to the newly-consolidated partnerships.

» The other business expenditures increased by approximately 2.3 million EUR, from 37.4 million EUR in the previous year to 39.7 million EUR. Increased sales and marketing expenditures and a rise of operating costs of 1.5 million EUR due to the quantity increases, as well as the newly-consolidated partnerships, are the main reason for this.

» The operating result before interest is approximately 1.2 million EUR or 9% below the previous year value.

» Due to the increased overall credit and current account volume, the financial result amounts to -3.0 million EUR, 29% below the previous year value (-2.3).

» The operating result after interest, with 9.6 million EUR, is approximately 17% below the previous year value (11.5).

» The profit for the year in the Group, with nearly 7.8 million EUR, was nearly 0.8 million EUR or 9% below the previous year value (8.6). The main causes for that, such as the depression and strong exchange rate fluctuations which are not in the sphere of influence of the Uzin Utz Group, as well as the expansion of the marketing activities and further markets, have already been explained.

» Details regarding the profits for the year and equity capital of the individual participation investments can be taken from the presentation »Investment holdings« in the notes to the Group financial statements.

Significant risks

Environmental, sector and competition risks

» The macroeconomic risks significant for the Group can be found in particular in the economic sphere, especially construction-economic development. The regressive and negative growth rates for the main market of Germany and Europe, as well as for the export regions, against the background of the global financial crisis with increasing macroeconomic risks, give reason for increased vigilance. The expectations on progress for this year are associated with so many uncertainties that appraisals are scarcely possible at the present time. It can be assumed that the currently known risks to the revenue turnover and earnings situation, however, which are still not capable of evaluation in full scope, have effects on the Group and can endanger the achievement of initially targeted objectives. The same also applies for other markets:

» Since, for example, the forecasts for Eastern Europe and the USA have also meanwhile been slightly corrected upwards, further development is very difficult to assess in spite of that, however, and no dependable statements can be made.

Product risks

» The future development of the Group depends to a very great degree on developing innovative products and optimizing existing recipes. All efforts are therefore being undertaken to drive forward development work and to identify product requirements and trends in time. With high development outlays and continuous internal developments, it is being attempted to satisfy this demand. Nevertheless, possibly occurring damages are covered by an extensive country-overlapping insurance cover, which is also associated with a corresponding product liability cover. The usual operational risks are hedged by corresponding accrued liabilities carefully formulated financially.

Risks of default in the area of production and the significant IT-based processes

» In the production areas of the individual works,

the probability of a non-optimal operation of the production plants through permanent maintenance, fire-protection and other prophylactic measures, is reduced to a large extent. Therefore corresponding insurances were concluded for elementary damages and disruptions of operation possibly resulting.

» The probability of a failure of process-critical information systems is reduced to a minimum by corresponding technical, structural and organizational measures.

Financial risks

» The volume of financial risks is difficult to estimate in the current situation. Due to uncertainties in the financial markets, it is necessary to carry out appropriate assurances of the revenue turnovers burdened with an exchange rate risk in the USA, Poland, Czech Republic, England, China, Serbia, Croatia and Switzerland, always subject to the weighting of costs and benefits. The development of the currencies relevant for the Group is represented in the »Profitability« section of this report. Future, possibly strong price fluctuations, furthermore entail residual risk. In particular, the volatility of the British pound and the Polish Zloty currently requires special monitoring due to the strong asset value shrinkage. In the same way, currencies in strong export markets, such as e.g. the Scandinavian countries, also entail far higher risks than in previous years.

» Against the background of increasing company insolvency, the focus within the Group is on a permanent solvency check of the customers. In addition, the vast majority of customer receivables are credit-insured. As a result of a Group-wide, tight receivables management system, an optimization of the freely available resources is ensured.

Investment risks

» Risks which result from significant investments are evaluated through uniform capital budgeting calculations, and must be approved by the executive board of Uzin Utz AG. If necessary, external consultants are to be called in here. Possible acquisitions

will basically be analyzed with external support, evaluated by the executive board and approved by the supervisory board.

Inventory-endangering risks

» All the above-listed risks currently do not represent any danger to inventory. Other inventory-endangering risks are not identifiable at this time.

Description of the risk management

» The Group possesses a system for the recording and control of current and future commercial and financial risks. This risk management has already been implemented for many years within the Group. Nothing has basically changed here. Nevertheless, it involves an ongoing system which is subject to permanent optimization processes within the framework of continuous improvement.

» The elements of the risk management system are

- risk control,
- risk controlling and
- risk reporting.

» They are all based on a great number of individual evaluations/analyses/reports/project groups, which analyze individual processes/facts in detail, depending on the situation. The task responsibility lies with the responsible departmental/division manager of each associated company. This manager reports directly to the respective general manager/executive board of the associated company, which in turn communicates with the financial manager of Uzin Utz AG, where the overall responsibility rests in regard to all significant requirements. The department »Central Controlling (CO)« of Uzin Utz AG coordinates the risk management elements Group-wide in this case. Documents distributed to the financial management of Uzin Utz AG are considered in the overall board of Uzin Utz AG, the supervisory board of Uzin Utz AG and other groups of persons, if required. The entire risk management system is aligned to identifying inventory-endangering risks at an early stage and counter any risks to the achieving of the commercial objectives, as well as protecting them if necessary.

The basic principles, directives, processes and responsibilities of the internal control and risk management system are defined and established. Basically, the risk management system includes the above described risk groups. As well as risk-individual management measures, a security-oriented management carefully applied financially, an adequate insurance cover and business-wide valid directives and instructions, form the basis of the risk-conscious action.

» The strongly controlling-oriented cost management introduced in the past, and well-proved as an integral component part of the controlling, whose importance becomes even more significant under the given conditions, will continue to support the philosophy of earnings-oriented development.

» In view of current developments in the financial and real economy, different plan scenarios have been projected by all department and division managers, in order to be prepared for possible coming changes in the current business year, and to be able to react effectively to them.

» The details in the sections »Financial situation« and »Financial risks« of this report apply for the area of financial instruments. In addition, the result and liquidity risks of the financial assets are represented in the form of an early-warning recognition system. The main elements here are a detailed monthly reporting about all significant balance-sheet and statement of earnings items, a quarterly risk management report, regular audit discussions locally in the associated companies, a Group-wide valid organizational manual, as well as obligatory, direct communication paths from the company manager of the associated companies to the executive board of Uzin Utz AG in all significant matters.

» Liabilities with respect to credit institutes include two capital tranches in the amount of 5.3 million EUR, which originate from the program »Capital for work of the credit bank for re-construction«. All significant liabilities are basically on a long-term basis with respect to credit institutes, with fixed interest rates and finances, and protected against interest change risks by interest caps and swaps.

» »The economy is mired in a crisis and how deep it is and how long it will last also remains a mystery to companies. I cannot remember when expectations were so uncertain in the progress of a year, but also so different this year« states a Chamber of Industry and Commerce regional chairperson at the beginning of the year. The EU Commission expects a reduction in economic growth in the European Union this year. Concerning the EU gross domestic product, a decline of two percent is expected, where even 2.3% is predicted in Germany.

» Against the background of these expectations for 2009, the Group remains careful, however under no circumstances inactive or even resigned. Unforeseeable developments and developments, and thus risks, which cannot be influenced by the Group, can still take every forecast as a basis, however. From the present viewpoint and the present state of knowledge, the following appraisal of the future company development appears possible, where the current conditions are of course to be considered that make every forecast unreliable:

» For the business year 2009 we expect that the international financial crisis will burden economic development and thus also the development of the Group. Our caution is all the greater since the global financial crisis has absolutely had, and is having, effects in the economic activities of countries important for us. In spite of the high levels of uncertainty and reduced forecast capability, we are therefore determined that we remain well set up with our strong market position, which has been achieved with great effort, our organizational structure, our wide product assortment and our high-performance in regional diversity, and that after 2010 we will probably have come through the predicted recession.

» The uncertainties in the financial and real markets make any dependable forecast impossible at the present time. We assume that revenue turnover decrease to be expected for the entire market in the coming two years will not take effect to any great degree on our business activity, like those of the sector. Within the framework of intermediate communications, we

will provide more updated comment on the on-going business year. Due to external performance-influencing factors, no increase in employee numbers can be expected.

» The business policy will thus basically remain unchanged.

» Most of the risks described in the part »Risk report«, also offer opportunities to the Group. Due to its size, the market position and the already-described internal success factors, the Group can and will use every market opportunity offered which is financially appropriate in order to gain further market share. The opportunities which will offer strategically appropriate company takeovers, will of course also be checked out exactly and realized where meaningful.

» In particular the

- environmental, sector and competition risks,
- product risks,
- financial risks and
- investment risks

have offered, and do offer, exceptional opportunities, due to their validity for all market participants, in association with the unique situations of the Group in the areas of product quality, service and logistics concepts. A unique technical consultation competence, as well as almost Europe-wide deliveries within 48 hours, including the designated high quality of the manufactured products, are the keystones for exploiting opportunities offering sustainable success and optimal use.

» The acquisition strategy of reinforcing the core business through appropriate external purchases and of continuing the system concept consistently, will also be maintained. As ever, the regional focus here will be on Europe.

Significant processes at the end of the business year

» As early as in November Uzin Tyro AG, as 100% subsidiary of Uzin Utz AG, contractually arranged the complete takeover of DS Derendinger AG in Thoeris-haus, Switzerland. Transition time point is January 01, 2009. In case of DS Derendinger AG, as a commercial

enterprise, the main emphasis of business activity is on machines for floor-covering removal. With the acquisition, Uzin Tyro AG will (among other things) continue to extend their share in the added-value chain concerning floor-care and will offer an even more comprehensive competence to its customers in the area of machines on the Swiss market.

» There were no further significant events after the balance sheet date.

Research and development activity

» The expenditure for research and development within the Group in the year 2008 was 4.6 million € (4.2). On average 69 (67) employees were active in the R&D/product technology area. Itemized according to brands, the following can be reported:

UZIN & codex brands

» In research and development, as an integral component part and »Thinking-factory« of the Uzin Utz Group, important steps were also taken in 2008 for unique innovative and image-promoting features. The responsible R&D specialist department also brought a whole series of innovative products onto the market in 2008 and prepared for their introduction in 2009. The innovation rate could be again increased significantly and the internal record brand of 36.4% (previous year: 31%) achieved in the year 2008. The enumeration of the most important R&D projects expressed in the following gives only a compressed and rough insight into the diverse activities which were successfully processed in the report year.

1) Ready-mix mortar developments

a) New leveling compound generation with Level Plus Effect

» Uzin Utz AG has been a dependable partner to crafts for decades. A new leveling compound generation is a recent example. It includes an internally-developed, technological innovation, the Level Plus Effect, which has exceptional potential. As well as many other plusses, its four characteristic features are ease of application, absorption capacity, surface

optics and extreme surface smoothness. Not by accident these are also exactly the criteria which are given first priority with UZIN customers in the processing of leveling compounds. How did Uzin Utz AG know that so exactly? The ready-mix mortar development department had the new technology tested under construction site conditions during the entire two-year development time. User desires were surveyed by the specialist departments of ready-mix mortar development and all-embracing application technology analyzed in theory and practice. Customers and their requirements were thus included directly and intensively in the process of development of the »high-quality leveling compound«. This all resulted in the Level Plus Effect. UZIN UTZ AG can now offer its handicraft customers an optimum of processing friendliness in daily work with leveling compounds. A long-held customer preference is now reality. The new leveling compound generation with the Level Plus Effect has been created by craftsmen for craftsmen so to speak – and defines plaster smoothing work that is completely new. The active customer integration into the innovation process is an excellent characteristic for differentiation from the competition. The clever Level Plus Effect secret ingredient is explained technically as a new high-performance plasticizer technology in synergy-interaction with an innovative binder combination. After UZIN NC 172 BiTurbo was already provided in the past year, two more top tested classics of the UZIN leveling compound assortment – UZIN NC 170 and the NC UZIN 110 were added – and this has resulted in a technological and true customer-friendliness revolution. With the novel raw material combination, an application effect results for UZIN NC 170 LevelStar and NC UZIN 110 New which is unsurpassed in the profession up to now, in combination with smooth surface optics. Grinding of the surfaces is generally no longer necessary. Advantages for further floor structuring: Adhesives can grip seamlessly and uniformly and a smaller ordering quantity is required. The effect (among other things) of the laid, sensitive elastic floor covering surfaces is more uniform

and more even. In addition, toothed laths wear out less and can be employed longer. The products of the new leveling compound generation are additionally accelerated in drying and are unsurpassed in their fast-covering category.

»

b) Special leveling compound for the »genuine« tiler
» Since, as is generally known, serious differences in the requirement profile exist in places between the divisions »Floor« and »Parquet«, as well as »Ceramic tiles and natural stones«, an especially modified cement leveling compound was prepared as a problem solution for the segment codex. The new product codex FM 10 can be employed universally for all areas of application for thin-layered filler smoothing in the range up to 10 millimeters, as occur with tile and natural stone-laying personnel.

c) Cement leveling compound for the Turkish market

» The objective of the task definition was to develop a product which satisfies the high international quality control requirements within the Group, with the special cement and binders, as well as high-performance filling materials and construction-chemical additives locally existing in Turkey. This was achieved by intensive exchange with raw material suppliers active locally and internationally. The self-leveling cement leveling compound codex VN 88 identified with the C16/F4 strength class was developed especially for the layer thickness range 3 – 15 millimeters and is used for the equalizing, leveling and filling of substrates before laying tile and natural stone coverings in the interior area. Local production and the market launch in 2009 are therefore optimally prepared.

d) Emicode EC1 – complete system for the »codex« division

» As a founder member of the Association of Emission-Controlled Laying Materials (GEV), Uzin Utz AG is obliged to the environmental objectives of this association. A considerable part of development work in this sense was invested in the development of

high-quality co-dex products with the certification EMICODE EC1. The ready-mix mortar development team managed to develop a special EC1 product program for the tiler in the year 2008. Thus the individual research laboratories have also created an extensive Emicode EC1 assortment for liquid and powdered systems, as well as the primer UZIN PE 260 and codex PE 370, including the liquid seal already certified according to EC1 codex HS 600 and the dispersion tile adhesive codex Creamasino. Also associated with this is the thin-bedding mortar codex Power Plus, as well as the tile leveling compounds codex FM 10 and codex FM 50, which are covering-ready up to a layer thickness area of 10 and/or 30 millimeters after twelve and two hours resp. The tile adhesion mortar program was extended with the EC1-suitable codex Stone Mittelbett (intermediate bed) for natural stones, as well as the tray-supporting codex Mittelbett mortar, which is also load-bearing in case of heavy plates. Last but not least, the joining mortar codex Brilliant Object rounds off the EC1 complete assortment for the tiler.

e) New light-colored tile adhesion mortar with flexible mortar lozenge

» With the development of the new very low-emission product codex Power CX 3, the beginning of a new generation of light-colored tile adhesion mortars was assured. As a result of intensive cooperation between the specialist departments involving ready-mix mortar development laboratory and application technology, the properties were optimized, according to specific processing criteria, in a scope never yet achieved. Last but not least, the inclusion of the most varied types of professional tilers during development work was a decisive factor. In this way, the split between a minimum resistance with the application and the absolutely slip-proof features in spite of that could also be achieved in case of heavy and large-format tiles. Furthermore, the new tile adhesion mortar CX codex Power 3 requires no further curing time after mixing and remains processing-capable for hours without stirring. As a

result of the employment of special cements, the high quality of the light color of the new product also shines through. The special adhesion mortar, which can be traded Europe-wide with the CE mark, corresponds to the quality class TE C2 according to DIN EN 12004 and, in addition, fulfills the criteria of the flexible mortar lozenge, which stipulates the highest requirements on the deformability criterion according to DIN EN 12002.

f) Optimization of codex fast-drying adhesion mortar

» Intensive development work was invested in the fast-hardening, cement-based adhesive mortars codex Power Flex Turbo and codex Power Plus Turbo, in order to increase their value qualitatively, so that they can offer greater reserves in future with low temperatures and/or critical construction site conditions and compensate better for application faults. As a result of a special formulation technology, it was attempted to achieve an optimal balance between long processing times and nevertheless short times to complete hardening. The objective here is to satisfy inconsistent demands. On the one hand, the adhesion mortars should remain processable for a long time and yet harden quickly in spite of that. Extensive preparations were put in place for the market launch of the optimized product line in the course of the year 2009.

2) Liquid-product developments

a) Silicone joint innovation

» Silicone sealing masses are generally known to the craftsmen and serve in daily employment for many applications, also in case of tile and natural stone laying. In sanitary areas, acidic and neutrally cross-linking silicone is generally employed in the natural stone area. As a result of the new product codex quadroSil, both fields of application were bundled together to form a neutrally cross-linking product which enables a reduction and streamlining of the codex product assortment. This has the positive result that consultation is simplified, that the stockkeep-

ping of the required products is considerably reduced and that incorrect application by the craftsman is virtually excluded. As a result of the broad-based adhesion spectrum of codex quadroSil, the field of application is very versatile, since the product is additionally suitable for metal connecting joints and for mirror bonding. As a result of this »4 in 1« application (ceramics, natural stone, mirror and metal), all the usual areas of application of the target group tile and natural stone layers can be covered. This generates a unique situation with respect to the competition. The permanently-elastic, as well as water-repellent, new product is equipped with fungicidal additives and will be marketed in 2009 as a silicone joint innovation. It additionally satisfies the highest requirements concerning ultra-violet resistance and light-fastness. Last but not least, the special color settings of codex quadroSil are coordinated color-related to the corresponding cement codex jointing mortars.

b) Rapid moisture barrier on dispersion base

» The project »UZIN PE 400« with very low emissions« was initiated in the research laboratory of the Dutch affiliate, and successfully tested and applied in cooperation with the central laboratory of the Ulm headquarters. The product, repositioned in Germany and in regard to export, is a ready-to-use and diluted dispersion primer to provide a rapid barrier blocking of unheated cement screeds, which indicate a maximum residual moisture of 3 CM-% before laying. An additional operation step can be economized by dispensing with sand strewing. In combination with the extremely short drying time, this results in a product which can be smoothed and worked on within the shortest possible time.

c) Further development of the classic »UZIN PE 460«

» With »UZIN PE 400« there has already been available for over a decade an extremely well-proven and reliable problem solution, both as a seal priming for substrates with increased residual moisture, as well as a bonding layer between substrate and reac-

tion resin adhesive. This key product, which is known to almost every floor-laying agency, was completely renewed and placed on a very low-emission formulation basis, in order to deal with the ever stricter requirements concerning work and consumer protection. The EC1 product, which was developed in the year under review, caused a sensation after its market launch in 2008, as well as setting a high standard for the competition.

d) Adaptation of the high-performance adhesive »UZIN UZ 88«

» The high-strength textile surface adhesive UZIN UZ 88 is characterized not only by its technical perfection, but also through a maximum of room air quality. The coating-application capability was significantly improved by an extensive recipe reworking, with retention of all other positive technical properties. As a result, this product will underline its technical superiority even more significantly in the segment of resin-free, textile surface adhesives.

3) Activities in segments involving product safety and quality management

a) REACH pre-registration

» For specialists in the product-safety specialist department, the year 2008 was characterized by extensive activities in connection with the new European chemical legislation REACH. This ordinance, applicable Europe-wide, came into force in 2007 and has as objective to check all chemical materials on the European market for their danger potential. Primarily affected by this are therefore manufacturers and importers of chemical products, who must subject the chemicals contained in these products to an extensive checking program. A first step in this direction is the so-called pre-registration, which must be concluded by date November 30, 2008 at the latest. Without the verification of such a pre-registration, a manufacturer or importer cannot market »his« materials any longer. This pre-registration is prerequisite for the use of a maximum 10-year transition notice period, by which, at the latest, those materials mar-

keted in the EC must be subjected to an extensive checking program. All raw material suppliers of UZIN UTZ AG were therefore informed about the necessity of pre-registration in an intensive dialog. In this way it could be ensured that a pre-registration of all raw materials supplied to UZIN UTZ AG was implemented within the time stipulated, so that their availability could also be assured after November 30, 2008. As an importer of chemical products from Switzerland, however, UZIN UTZ AG also has its own pre-registration obligations. These can be successfully concluded in close cooperation with the Swiss affiliates UZIN TYRO AG and SIFLOOR AG. Further chemical-legal changes in the law (GHS) with significant effects are already apparent. With its team of professional specialists, UZIN UTZ AG is in an optimum position to face these challenges.

b) Sustainability

» Sustainability and innovation are mutually necessary in construction chemistry. Raw materials and application-technical formulations must be continuously adapted to increasing demands on quality, permanence, health protection, environmental compatibility and cost-effectiveness in the arena of national and international competition. This applies equally for the material life cycle of the corresponding construction-chemical products.

» The Uzin Utz Group set itself the target of pioneer in their sector with respect to sustainability and environmental protection. As a company we have a great responsibility to our customers and to the partnership. Therefore we feel ourselves strongly obligated to a strategy which is oriented to sustainability.

c) Representation of the processes of development and works monitoring of the product quality

» The explanation requirements of the standards ISO 9001 and ISO 14001 concerning the R&D application of the quality principles and the business environmental protection were evaluated with distinction in the external audit carried out. This means

that the extensively-described project activities, as well as corresponding developments of new and innovative products, are implemented market-related within the planned time and cost frameworks. The development specifications could be reflected in the development results. Mistakes and blind alleys could be systematically avoided during the project implementation. Consequently, the demands concerning quality control on the corresponding product development processes could be exemplarily satisfied with regard to all aspects. As is generally known, some product groups, such as e.g. adhesion mortars, leveling compounds and jointing mortars, have to be classified in accordance with German as well as European standards, and are identified in part with the CE mark. Considerable resources were invested by the quality-control specialist department, to ensure conformity and corresponding works monitoring of these product classes in the year under review, in order to confirm the corresponding high quality characteristics within the strict time periods stipulated by the corresponding standard. Verification could be provided that the product performance data guaranteed to the customers of UZIN UTZ AG are always fulfilled.

switchTec

Sigan tape

» After the optimization of Sigan, the Sigan tape 1, 2 and 3 were newly reworked, optimized and implemented. As a result there were technical advantages both in long-term employment capability, as well as production-technical and logistical advantages.

Raw material situation

» Changes in the raw material market also had the effect that different products had to be reworked this year. Formulations with alternative raw materials could be structured and at the same time product properties and quality could be maintained.

Feasibility studies

» For several new products, feasibility studies were

concluded and developments driven forward. From these projects new, innovative products will result in the years 2009/10, which will probably be launched in 2010.

Development capacity

» For the intensification of development activities, personnel resources in the development sector were doubled at the beginning of 2009. In this way, we affect a targeted reinforcement of the innovation strength and development activities for switchTec.

WOLFF & FRANK brands

» The status of the year 2008 as characterized by the development of a new generation of parquet sanding machines.

» As well as a new image, focus was placed on the improvement of handling, ergonomics and performance. This was implemented (among other things) by means of a handle with adjustable elevation, a poly-V belt which has better efficiency, an automatic tensioning of the poly-V belt, a central operating cockpit, a switchable light, optimally positioned grips and a simple and rapid dismantling capability of the machine. The machine also offers a new dust bag concept. The new, additional inside bag increases filtration, it is simple to remove and secure, and therefore reduces dust emissions.

» The new Cobra parquet sanding machine was introduced in January 2009.

» From the stripper family, the Vario-Stripper Silent, available up to now for 230 V voltage supply only, was extended to countries with a power supply of 100-120 V.

» Also the table grinding machine was adapted to the new WOLFF image and provided with a new layout.

Pallmann brand

» Research and development in the Pallmann brand was characterized in the year 2008 through numerous innovative research projects and development activities orientated to the parquet sector.

» Some of the activities of the development department can be represented as follows:

» The Pallmann Hydro Diamant parquet varnish, already introduced on the market in the year 2007 with great success, was further developed in the year 2008. The objective was to achieve a reduction of solvent content of less than 5%, with consideration of an even higher level of operational security. This product development is trendsetting for sales on national and international markets.

» The Pall-X Nano brand, developed in the year 2006 and launched in the year 2007, which is a parquet covering which represents for the first time a combination of nano-particles with a new binder generation, was improved in the period under review through the reworking of the formulation for a now broadly diversified application on critical substrates. Pall-X Nano is the guarantor of a perfect parquet surface.

» A central development activity in 2008 was represented by the development of a novel coating type for construction-site-sided sealed parquet surfaces. The objective was to develop a coating which achieves its total resistance against mechanical and chemical stressing immediately after application. The market launch of this system will be implemented in the middle of 2009.

» Some research projects moved into closer focus in 2008, with innovative solutions in development work which could indicate the future paths of the Pallmann brand. In cooperation with our long-standing raw material suppliers, we will continue this research and development work in 2009, with the objective of introducing innovative, qualitatively high-value, processing-secure products on the market in 2009/2010.

Jordan Lacke brand

» The research and development of the Jordan brand was characterized in the year 2008 by numerous innovative projects.

» Some of the activities of the development department can be represented as follows:

» Based on a broadly-diversified customer preference, the PUR filler was reworked in 2008 and launched on the market. The objective was to improve the costing position of the quality requirements under consideration.

» The DECOCOLOR product represents a solvent-based, pigment paint system which, due to the Decopaint Guideline, had to be brought to a solvent part below 500 g/l. In this way, it also enabled major customers to lower their VOC output significantly, without dispensing with the advantages of the solvent-content paint system. The priming filler DECOFILL necessary for that was also adapted to this requirement.

» With the DECOSTRUCTURE structure paste developed in 2008, an extended design option for coloring is provided to the customer, as well as achieving tactile and optical effects on furniture surfaces.

» In order to come to terms with the increasingly higher demands of end users on the optical structuring of furniture surfaces, the project created a matte paste which is to be stirred into the respective paint system by the customer himself. This DECOMATT-PASTE enables the customer to continuously control the gloss retention of the respective workpiece over a wide area.

Qeshfloor brand

» Unipro B.V. in Haaksbergen is the Dutch producer (and the knowledge center) of plastic coatings and allied products within the Uzin Utz Group.

» Qeshfloor is a qualitatively high-value range of products of plastic coatings and allied products, which can be produced and supplied at any time. In 2008 a larger part of the research and development work was therefore coordinated to the development and optimization of the production process, the so-called masterplan. This plan will also require necessary attention in 2009. It was one of the objectives of the Qeshfloor brand to offer an overall assortment of high-quality epoxy and polyurethane application coatings, and coatings which can always be supplied within three working days and in many RAL colors.

In this case it involves an overall system, beginning with the priming and extending to the surface course application. This objective has been achieved in the meantime.

» From 2008, the foreign markets were also actively developed, as well as the Dutch markets. The focus here is on Germany and Eastern Europe. Every market has its own standards and special requirements, which in turn involve new technical challenges. Especially for the German market, the necessary certificates for various systems were obtained. We applied large capacities for this. Effective immediately, we are able to verify the most important test requests required in Germany. A large number of our products have satisfied the highest demands concerning utilization with food, fire and abrasion characteristics and chemical resistance. In addition, many tests were carried out for the CE identification code.

» In the year 2008, Qeshfloor EP 6955 and EP 3900 were tested and introduced as an OS 8 system. This proved itself in particular for soil-contact underground garages. The system consists of an EP 6955 priming and two layers of EP 3900.

» The Qeshfloor EP 3600 WA product was adapted so that it is available in almost all colors. A large demand for this exists on the market. In addition, this adaptation led to many logistical advantages and a shorter production process.

» The development work on Qeshfloor PU 2060 was completed in 2008. This polyurethane-content product offers the advantage that it can be processed better than its predecessor and is available in many colors. With this development, not only did a new product result, but the entire production process was adapted, where support was required during the selection of new means of production and operational startup. The production process was adapted so that customer preferences can be reacted to flexibly and satisfied even faster. As a result, faster changes can be implemented between different colors and batch sizes. This method of operation supplies a very flexible process. In this way, no customer is disappointed and Unipro can prove itself to be a flexible supplier with products from Qeshfloor.

» Finally in 2008 the recipes of further products were further optimized. This concerns (among other things) the transparent floor covering layer Qeshfloor 3950, the fast primer Qeshfloor EP 6250 and the cast resin Qeshfloor 8550.

RZ brand

» The incorporation of RZ Chemie GmbH into the Uzin Utz Group in December 2007 opened up a new spectrum of possibilities in the area of qualitative cleaning and care products, both for RZ and for the company group. RZ Chemie GmbH stands for innovative, non-polluting and high-quality, special-cleaning and care agents for the preservation of value of floor coverings of all type. The know-how of the Uzin Utz Group with regard to floor care was integrated very rapidly into the project works of RZ in the past year, and this has meant that important development activities could be driven forward as early as in the first year:

- The range of products for the professional user was intensively reworked and optimized. The objective of the innovations in this case was to consider customer preferences even better, in order to meet demands in the area of cleaning and care on the highest level and more effectively. The cleaning and care line »RZ PROFILINE«, which was newly created through numerous recipe modifications, now offers new advantages as well as well-proven quality: The core assortment was streamlined to 22 main products with numerous recipe optimizations. These products now cover more than 95 percent of all applications for all types of floor coverings. Nonetheless, an extensive RZ assortment range is still available for special applications. The packaging design was additionally reworked and modernized with numerous innovations for the professional user.
- The »RZ PUR« cleaning line was redesigned completely in the past year. Target-group-oriented analyses form the basis of these developments: RZ cleaning and care products are employed by professional users, however, they are also resold

to end users by these professional users. However, since end users have different requirements than professional users, the new PURE RZ line was developed on the basis of numerous inquiries. In total 8 products followed – with regard to field of application, packaging design, fragrance and household size, especially aligned to the requirements of end users. With corresponding sales support, the RZ customer is optimally supported in the subject »Customer bonding through cleaning and care«.

- As a result of cross-site, effective cooperation of the RZ development and codex application technology in the company group, a separate tile series could be developed by the end of the year for the codex area: 6 products, which are especially aligned to the requirements of tilers, now extend the codex assortment in the area of cleaning & care.
- Likewise in the past year, a recipe could be developed for a high-performance concentrate which could be presented to the American cleaning sector, especially in the parquet sector. This is characterized by its resource-protecting concept in formulation and application, and is far above the usual standard.

Visit us at:

www.uzin-utz.com

Investor Relations Internet Service

Uzin Utz AG financial report for the year 2008 is available as PDF-file for download.

Please visit www.uzin-utz.com, category »Investor Relations«.

IMPRINT

Published by

UZIN UTZ AKTIENGESELLSCHAFT
89079 Ulm, Germany
Investor Relations

Designed and produced by

Uzin Utz Aktiengesellschaft
büro ballweg, Ulm
Siegfried Galter, Ulm

Photography

Rebecca Rayher, Wendlingen

Text

Uzin Utz Aktiengesellschaft
Siegfried Galter, Ulm

Lithographic artwork by, printed by

le Roux, Ulm/Erbach

2008

Uzin Utz AG

Dieselstrasse 3
89079 Ulm, Germany

Phone +49 (0)731 4097-0
Fax +49 (0)731 4097-110

www.uzin-utz.com