



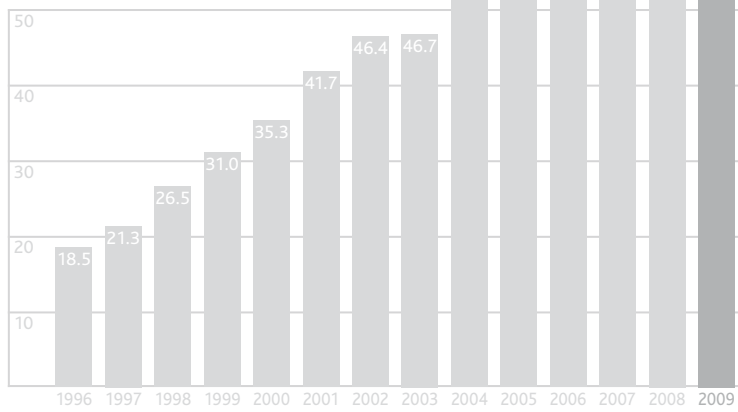
PROGRESS IS OUR FOUNDATION  
ANNUAL REPORT 2009

Uzin Utz AG

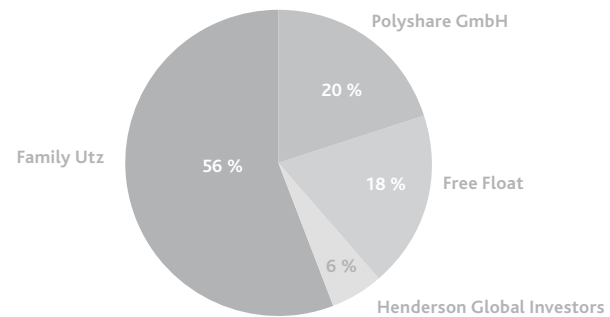
## INVESTOR RELATIONS OVERVIEW

Key-Data in yearly comparison		2009	2008	2007	2006	2005	2004	2004	2003	2002	2001	2000	1999
		Group IFRS	Group IFRS	Konzern IFRS	Konzern IFRS	Group IFRS	Group IFRS	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB	Group HGB
<b>Revenue data</b>													
Sales revenues	Mio. EUR	172.2	177.4	166.1	152.1	138.5	121.9	121.3	103.4	106.8	104.9	97.8	97.4
Sales revenues growth	% vs. prev. year	-2.9	6.8	9.2	9.8	13.6	17.9	17.3	-3.2	1.7	7.2	0.4	6.7
Result from ordinary activities	Mio. EUR	11.0	10.5	12.0	11.3	9.6	6.7	5.5	4.5	5.0	4.9	7.6	11.5
Net profit	Mio. EUR	7.1	7.8	8.6	8.3	6.3	4.7	3.9	2.6	2.8	3.3	4.4	6.3
<b>Financial data</b>													
Investments	Mio. EUR	3.2	7.7	14.9	7.3	16.3	17.1	3.5	1.4	3.6	3.8	3.5	4.4
Depreciation	Mio. EUR	5.4	5.2	4.9	4.9	4.5	3.8	3.2	2.6	2.9	3.0	2.5	2.2
Cash flow from ordinary activities	Mio. EUR	17.0	11.0	9.8	11.3	6.8	6.5	3.5	6.2	0.2	8.8	-0.9	8.6
<b>Balance sheet data</b>													
Total assets	Mio. EUR	155.6	161.7	155.0	137.0	127.1	113.0	70.4	57.8	61.6	63.2	57.7	52.7
Accounts receivable	Mio. EUR	22.7	24.0	25.1	24.4	21.3	19.1	18.5	13.6	14.2	13.9	13.6	10.5
Inventories	Mio. EUR	20.1	21.7	22.8	18.9	17.3	15.0	14.7	12.7	13.9	12.1	11.6	8.9
Fixed assets	Mio. EUR	92.5	94.8	89.9	80.5	78.5	66.9	25.3	22.1	23.0	24.5	23.6	20.6
Liabilities (incl. provisions)	Mio. EUR	87.0	97.7	94.3	81.7	76.5	70.7	46.1	25.6	29.2	29.8	24.1	20.6
Equity capital (incl. third parties)	Mio. EUR	68.6	64.0	60.7	55.3	50.5	42.3	24.3	32.3	32.5	32.6	33.6	32.1
<b>Personnel (average)</b>		<b>859</b>	<b>806</b>	<b>720</b>	<b>659</b>	<b>656</b>	<b>611</b>	<b>551</b>	<b>468</b>	<b>463</b>	<b>450</b>	<b>410</b>	<b>362</b>

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	Regulierter 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
<b>2009</b>	
Number of company owned shares	15,194
High (continuous trading)	18.82 EUR
Low (continuous trading)	13.90 EUR
Variation range	30.48 %
Opening price on the first trading day	14.65 EUR
Closing price on the last trading day	17.60 EUR
Performance	20.14 %
Average price	16.14 EUR
Market capitalisation based on end-of-year- closing price	75,121,570 EUR

Price Earnings Ratio	2009	2008	2007	2006	2005	2004	2004	2003	2002	2001	2000	1999
Year end closing	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	HGB	HGB	HGB	HGB	HGB	HGB
Year end closing (EUR)	17.60	14.70	26.00	23.40	15.31	12.60	12.60	14.90	12.69	10.00	13.00	17.40
Annual net profit per share (EUR)	1.68	1.84	2.01	1.96	1.49	1.19	0.98	0.64	0.70	0.82	1.10	1.58
Price earnings ratio	10.5	8.0	12.9	11.9	10.3	10.6	12.8	23.3	18.2	12.2	11.8	11.0

Proposal to the Annual General Meeting	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Shares	4,268,271	4,268,271	4,268,271	4,268,271	4,268,271	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	0.62	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	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	3.52%	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 07, 2010
Annual general meeting	May 11, 2010
Six-months' report	September 30, 2010

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## 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 37 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.

Progress step by step: Each of our group activities supplies further advance.

### 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

<b>ADDED VALUE - STEP BY STEP</b>	
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Dear Shareholders of Uzin Utz AG,

» “No news is good news” - this age-old saying seems to be in great demand especially in times of crisis.

» Once good news threatens to become a scarce commodity, one tends to see a certain reserve in information policies. But fading out the bad news is certainly not a reliable indicator of “business as usual” in a positive sense.

» This is why we are particularly pleased to be able to report on quite a regular course of business during the historic crisis year of 2009, which in comparison to the overall market, can be regarded as solid.

» Of course, Uzin Utz Group activities have not remained untouched by the financial situation, particularly as our strong presence on export markets inevitably has had negative repercussions during the global crisis.

» The best remedy therefore against acute irritations is a long-term company and product strategy: our consequently implemented concept of sustainability could therefore always successfully cushion any negative deflections.

» Measures for efficient and forward-looking crisis management implemented at exactly the right time did the trick to stabilize the company's earning position at previous year levels. Our in the best sense conservative and persistent corporate policy is what has made us able to continue our proven strategy in a straight-forward fashion despite such adverse harbingers. Because we do not find satisfaction in simply not publishing bad news.

» Quite the contrary – our declared goal continues to be showing sustainable positive results and pressing ahead with the development of our business.

» Strong proof: with our economic stimulus campaign II for small trade in 2009, we have successfully put new orders in motion and paved the way for the new product generation Uzin Ökoline. In this, our approach always involves developing products that combine environmental soundness with application-related benefits for our customers.

*“Looking forward means paving the way to accommodate the targets”*

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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

*“Those who take well-planned steps, keep their feet on the ground”*

---

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

» Sustainability has top priority at Uzin Utz: Due to its ever-increasing significance, it is an issue which has been placed directly under the aegis of the executive board.

» Its focus ranges from product safety, sustainable building, sustainable product development to social responsibility and sustainability communication.

» It therefore makes sense, and luckily we can afford to stick to our path and to further our goals even in the face of constant crisis scenarios.

» We rest on a solid foundation and are well positioned: The new construction of our research and development centre at the Uzin Utz AG headquarters in Ulm will see its final completion this coming September.

» The centre shall serve to give our employees even more space to develop new ideas and innovative cutting-edge products.

» And you, our distinguished shareholders, I would like to extend my gratitude to you for the trust you have placed in us.

» I would also like to thank our employees: their commitment and determination are the foundation for our long-term success.

» This claim is further substantiated with our personnel development initiation launched in 2009: Ucan! The entire Uzin Utz team in Ulm is urged to act excellently, which is reflected in the individual and corporate strategy in line with the respective aim with the objective of increasing our competitive edge in the long-term.

» I can assure you, on behalf of the executive board and our employees, our very fullest commitment for the current business year. I am honored to be able to count you among our circle of shareholders and wish you all a very profitable 2010.

Sincerely yours,  
 Dr. H. Werner Utz





**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.



**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.

**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.



### **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**

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.



### **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.



### **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.



## “WHERE THERE’S A FLOOR, WE’LL PAVE THE WAY.”

» The founded substance of quality, branded products, system offering and availability prove to be solid and sustainable on shaky ground in particular. We have further intensified and promoted the justified faith of our users in the Uzin Utz Group brands even under the more difficult conditions of the past business year.

» The active support of craftsmen and the close dialog with contracting authorities, project planners and decision makers has been a proven instrument for building confidence and promoting brand loyalty.

» 2009 saw the launch of the campaign “Aus eigener Kraft” (“On Our Own”) in order to support our craftsmen partners in matters concerning contacting public contractors within the framework of an economic stimulus project II to generate building contracts.

» By receiving the eco-seal “The Blue Angel”, UZIN could further position their product line ÖKOLINE and secure very important market shares for the brand and its users in the refurbishment of sensitive areas such as kindergartens, schools and gymnasiums.

## "IF THE ROUTE BECOMES UNPASSABLE, DELIBERATE STEPS WILL TAKE US TO OUR TARGET."

» Uzin Utz Group companies were also confronted with difficulties during the historically most problematic chapter of global economic history since the 1920's. Even though the declines forecasted in the German building sector were not as dramatic as the original prognosis, a considerable dry patch will certainly need to be gone though until conditions consolidate further. Difficult ground conditions have always been a challenge that we seek and overcome, which is why the Uzin Utz Group was well prepared in advance to implement the necessary steps. With considerable success: Proactive strategies by the group management, which were particularly implemented in the areas of cost management, efficiency increase and sales optimisation, have achieved the desired effects. The timely implementation of short-time work and the reduction of raw material prices also showed positive effects.

» A largely stable sales development with a moderate decline of 2.9%, resulted in pleasant results of ordinary business activities, even exceeding the previous year's results by nearly 5%.

» JP Coatings GmbH as well as the partnerships in France, the Netherlands and China have contributed to this particularly pleasing sales development. The share in total sales of the newly consolidated partners DS Derendinger and Uzin Utz Magyarország Kft. (90%) was 4.1 million EUR.

» Sales from abroad remained with 54% at the previous year's level.

» Within a highly competitive market, the group's results were considerably better than those of other companies.

» Our clear orientation in line with our principles of sustainability has once again paid off in times of crisis. Long-term targets therefore are much more clearly focused.

» Unlike the majority in the business, the entire group is currently in a stable position and can approach the imminent upswing with confidence and from a strong vantage point.



## "SUCCESS WAITS WHERE ENERGIES CONVERGE"

» He who wants to set the pace needs stamina. This is why it is the right pace especially that determines the success of a goal. And to ensure the right speed of growth, innovation and success, the availability of optimally developed structures and resources must be ensured.

» Following the optimization efforts in the areas of production, logistics and sales, larger construction investments now are planned in the research and development sector: This area in particular has proven to be an indispensable pacemaker for the product development and application security of our product range. The new construction of the central building for research and development at the company headquarters in Ulm which commenced in October 2009 is therefore an important element in the further success orientation of our group. As a clear commitment to Germany as our base and the group headquarters in Ulm, we have planned investments totalling 8.5 million EUR on expansion projects for the coming year.

» The investment volume of a total of 3.5 million EUR for the new development centre shows the significance we place on research and innovations. One of the most important resources of our corporate success, creativity and commitment of our highly qualified members of staff, will be given 2000 m<sup>2</sup> new space to develop and optimize our top-of-the-line product range. This will essentially exhaust the investment volume for 2010 and efforts will have to be increasingly focused on sustainably exploiting the achieved structural improvements.





## "LOOKING AHEAD WITH SOUND CONFIDENCE"

» The stronger the irritation, the more important one's focus on the path to be taken becomes. Business continuity is therefore a fundamental prerequisite for our ongoing progression. The latest share price does not always clearly reflect the developments within a company, it is therefore not the sole measure of our directional force. However, if one observes the performance of the Uzin Utz share in 2009, the stabilization trend becomes apparent: The stock shortly recovered after an absolute low at the beginning of the year, then it sunk again and started its steady rise at the end of the first quarter. Shortly after the first half-year, it had almost reached its previous year's peak of 17.50 EUR. A new high was then reached in November with 18.20 EUR, the share price has now levelled off at 18 EUR.

» Due to this positive development, a dividend of 0.62 EUR will be paid, just like in the previous year.

» The considerable performance of more than 20% is to be regarded as a sign of confidence in the professional crisis management of the group's management board. As an integral element of controlling, the long-established and strong controlling-oriented cost management certainly has contributed in the positive earnings development. The risk management which has been implemented within the group for many years is also an effective stability factor: the system to record and control current as well as future business and financial risks is subject to constant adaption within the framework of ever-changing economic conditions and is fundamentally based on the elements risk control, risk controlling and risk reporting.

» Open and regular communication with shareholders and interested parties has also had a confidence building effect. Besides the consolidated financial statement and the annual accounts, current developments on interim reports as well as ad-hoc notifications and press releases were also communicated. In addition, Uzin Utz AG publishes a financial calendar with sufficient lead time, containing all important company-related dates and publications.

» The share buyback program authorized during the last shareholder's meeting was completed on 5th November, 2009. To support their stock exchange activities, Uzin Utz AG has once again made use of LBBW services in 2009.

## "IT'S ALWAYS GOOD TO KNOW IN WHICH DIRECTION WE ARE MOVING."

» Progress should focus on concrete aims, which is why we focus our activities on realistic goals that can be achieved within a defined period. In terms of human resources we have always aimed at training a large share of our staff ourselves and to introduce them to their future responsibilities within the company.

» A constantly high training rate and stable personnel figures document the company's social responsibility in offering young professionals special education and training possibilities as well as concrete future prospects within our group structures. At Uzin Utz in Ulm, student apprentices can even perfect their professional skills in their very own self-managed company called JuzinLOR.

» 4.7 million EUR (previous year: 4.6 million EUR) were spent on strategy-relevant future prospects within the area of research and development; an average of 75 members of staff were active in this area. Here the novelty ratio significantly increased to an all-time high of 43.2% (previous year: 36.4 %).

» The group-wide innovation strategy will in future focus more consequently on establishing synergy effects in order to make technological solutions more readily available and to better cater to customer and market requirements in a more targeted fashion.

» In this sense, the upcoming "Innovation Factory" of the Danube valley in Ulm shall play a key role. And we were once again able to bear witness to the appreciation of our innovation edge in the wholesaler survey "laying materials" published in 2009: just as the last survey conducted in 2007, Uzin Utz AG came first in the "Innovation" category and received the rating "Excellent". Our UZIN ÖKOLINE having received the "Blue Angel" was also a further incentive to continue to develop our profile as a provider of application-secure and environmentally-friendly construction chemical products and to expand the use of the seal to as many products from our range as possible. With our membership in the German Sustainable Building Council (since 2008) and the Institute Construction and Environment (since 2009), we also underpin our aims in terms of ecological responsibility within our areas of activity.



CONSOLIDATED FINANCIAL STATEMENT  
OF UZIN UTZ GROUP FOR FINANCIAL YEAR 2009

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

Consolidated Profit and Loss Account		
	2009	2008
	TEUR	TEUR
<b>Sales revenues</b>	<b>172,213</b>	<b>177,390</b>
Changes in inventory of finished goods and work in process	-840	124
<b>Total output</b>	<b>171,373</b>	<b>177,513</b>
Other operating income	2,403	2,892
Income from investment properties	0	403
Costs of material	73,186	78,722
Personnel expenses	45,545	43,746
Depreciation/amortisation on tangible and intangible assets	5,394	5,250
Other operating expenses	36,351	39,658
<b>Operating income</b>	<b>13,300</b>	<b>13,434</b>
Revenues from investments in associates (equity method)	40	32
Financial result	-2,385	-2,998
<b>Result from ordinary activities</b>	<b>10,954</b>	<b>10,467</b>
Taxes on income	3,253	1,879
Other taxes	622	843
<b>Net income for the year</b>	<b>7,079</b>	<b>7,745</b>
Minority interests in profit	56	91
<b>Consolidated net income for the year</b>	<b>7,135</b>	<b>7,837</b>

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

Assets	2009	2008
	TEUR	TEUR
Intangible assets	32,745	33,312
Tangible assets	56,709	58,508
Non-current financial assets	774	754
Investment Properties	2,238	2,232
Deferred tax assets	1,568	1,395
Other non-current assets	809	903
<b>Non-current assets</b>	<b>94,844</b>	<b>97,104</b>
Inventories	20,079	21,729
Trade receivables	22,738	23,964
Other current assets	3,624	5,300
Cash and Cash equivalents	14,350	13,638
<b>Current assets</b>	<b>60,792</b>	<b>64,632</b>
<b>Balance sheet total</b>	<b>155,635</b>	<b>161,737</b>

Liabilities	2009	2008
	TEUR	TEUR
Subscribed capital	12,805	12,805
Capital reserve	13,624	13,624
Revenue reserve	42,555	37,818
Minority interests	-164	-95
Own shares	-235	-124
<b>Total equity</b>	<b>68,586</b>	<b>64,028</b>
Provisions for pensions and other similar obligations	2,187	1,845
Due to credit institutions long-term	33,924	35,604
Deferred tax liabilities	8,503	7,866
other non-current liabilities	405	333
<b>Non-current liabilities</b>	<b>45,019</b>	<b>45,647</b>
Provisions	7,782	8,112
Due to credit institutions short-term	24,168	32,910
advances received	11	64
Trade payables	5,499	6,155
Other short-term liabilities	4,570	4,821
<b>Current liabilities</b>	<b>42,031</b>	<b>52,061</b>
<b>Balance sheet total</b>	<b>155,635</b>	<b>161,737</b>

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

Statement of changes in equity (in TEUR)	Subscribed capital	Capital reserve	Retained earnings		Reserve on own shares	Other transactions	Sum	Minority interests	Total Equity
			Group net income	Translation differences					
<b>01 January 2008</b>	<b>12,805</b>	<b>13,624</b>	<b>38,786</b>	<b>-495</b>	<b>-21</b>	<b>-4,006</b>	<b>60,694</b>	<b>-15</b>	<b>60,679</b>
Changes in accounting methodes	0	0	-53	0	0	0	-53	0	-53
<b>Balance as of January 01, 2008</b>	<b>12,805</b>	<b>13,624</b>	<b>38,733</b>	<b>-495</b>	<b>-21</b>	<b>-4,006</b>	<b>60,641</b>	<b>-15</b>	<b>60,626</b>
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 RECOGNIZED 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 RECOGNIZED 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
<b>31 December 2008 / 01 January 2009</b>	<b>12,805</b>	<b>13,624</b>	<b>42,760</b>	<b>-718</b>	<b>-124</b>	<b>-4,224</b>	<b>64,123</b>	<b>-95</b>	<b>64,028</b>
Exchange rate-related differences	0	0	0	375	0	0	375	5	380
Other changes	0	0	-75	0	0	0	-75	-25	-101
Market valuations for cash flow hedges	0	0	0	0	0	-58	-58	0	-58
NET INCOME DIRECTLY RECOGNIZED IN EQUITY	0	0	-75	375	0	-58	241	-20	221
Net profit of the year	0	0	7,135	0	0	0	7,135	-56	7,079
TOTAL RECOGNIZED INCOME AND EXPENSES	0	0	7,059	375	0	-58	7,376	-76	7,300
Own shares	0	0	0	0	-111	0	-111	0	-111
Dividends payed	0	0	-2,639	0	0	0	-2,639	0	-2,639
Changes in basis of consolidation	0	0	0	0	0	0	0	7	7
<b>31 December 2009</b>	<b>12,805</b>	<b>13,624</b>	<b>47,180</b>	<b>-343</b>	<b>-235</b>	<b>-4,282</b>	<b>68,749</b>	<b>-164</b>	<b>68,586</b>

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

Consolidated cash flow statement	2009	2008
	TEUR	TEUR
<b>Net profit for the year</b>	<b>7,079</b>	<b>7,745</b>
+/- Depreciation and amortisation of fixed assets	5,394	5,250
+/- Change in provisions	-106	-84
+/- other non-cash income and expense items	-752	-1,247
-/+ Gain/loss on disposal of non-current assets	15	-1
+/- Change in current assets (inventories, receivables)	5,888	4,133
+/- Change in liabilities	-530	-4,796
<b>Cashflow from operating activities</b>	<b>16,988</b>	<b>11,001</b>
+ Proceeds from disposal of tangible assets	607	179
- Investments in tangible assets	-2,762	-4,720
+ Proceeds from disposal of intangible assets	0	319
- Investments in intangible assets	-268	-320
+ Proceeds from disposal of financial assets	56	29
- Investments in financial assets	-77	-165
- Change from acquisition/sale of consolidated companies	-569	-3,281
- Proceeds for Investment Properties	0	-1,438
<b>Cashflow from investing activities</b>	<b>-3,013</b>	<b>-9,397</b>
- Proceeds for own shares	-111	-103
- Payments to shareholders and minorities	-2,639	-3,840
+ Proceeds from the issue of bonds	13,533	7,639
- Repayment of bonds	-18,512	-4,778
<b>Cashflow from financing activities</b>	<b>-7,729</b>	<b>-1,082</b>
Payment-related change in cash and cash equivalents	6,246	523
- Exchange-rate-related and other changes in cash and cash equivalents	121	-15
+ Cash and cash equivalents at beginning of the period	-6,064	-6,572
<b>Cash and cash equivalents at the end of the period</b>	<b>303</b>	<b>-6,064</b>

Cash and cash equivalents	2009	2008
	TEUR	TEUR
Cash and cash equivalents	14.350	13.638
short-term liabilities due to credit institutions	-14.047	-19.702
Cash and cash equivalents	303	-6.064

UZIN UTZ AKTIENGESELLSCHAFT, ULM (DONAU)  
SEGMENT REPORTING

Segment Reporting (in TEUR)	Germany				Western Europe		South- / Eastern Europe		all other segments		transition		Total Group	
	Installation systems		surface care and enhancement		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	2009	2008	2009	2008										
External sales	79,327	85,315	14,785	15,090	32,298	33,737	12,480	13,031	33,324	30,216	0	0	172,213	177,390
Intercompany sale	22,392	23,711	2,857	2,712	7,321	7,645	635	420	2,151	1,892	-35,356	-36,380	0	0
<b>Total sales</b>	<b>101,718</b>	<b>109,026</b>	<b>17,642</b>	<b>17,802</b>	<b>39,619</b>	<b>41,383</b>	<b>13,115</b>	<b>13,451</b>	<b>35,475</b>	<b>32,108</b>	<b>-35,356</b>	<b>-36,380</b>	<b>172,213</b>	<b>177,390</b>
Interest and similar income	320	347	27	10	127	250	46	103	15	50	-324	-323	210	437
Interest and similar expenses	1,454	2,018	288	399	169	204	36	86	945	1,028	-296	-301	2,596	3,435
<b>Profit</b>	<b>5,656</b>	<b>4,810</b>	<b>1,171</b>	<b>1,299</b>	<b>3,930</b>	<b>4,691</b>	<b>1,283</b>	<b>1,464</b>	<b>1,327</b>	<b>1,176</b>	<b>-68</b>	<b>-5</b>	<b>13,300</b>	<b>13,434</b>
Assets	100,738	104,526	15,309	15,673	40,585	34,124	9,171	9,357	33,536	33,068	-43,704	-35,013	155,635	161,737
Liabilities	49,631	55,927	8,208	8,937	20,482	15,021	2,535	3,896	29,572	29,198	-23,379	-15,271	87,050	97,708
Investments	1,632	4,782	116	143	910	535	123	218	618	341	0	0	3,400	6,020
Depreciation	2,614	2,394	455	583	969	1,042	297	278	1,058	954	0	0	5,394	5,250

External Sales according to business area (in TEUR)	flooring		wood flooring		ceramic tiles and natural stone		others		Sum	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	138,896	144,004	14,219	14,735	15,063	14,753	4,035	3,898	172,213	177,390

Geographic segmentation of external sales (in TEUR)	Germany		the Netherlands		Rest		Sum	
	2009	2008	2009	2008	2009	2008	2009	2008
	79,669	81,474	16,963	17,936	75,581	77,979	172,213	177,390

Non-current assets according to the location of assets (in TEUR)	Germany		the Netherlands		Rest		Sum	
	2009	2008	2009	2008	2009	2008	2009	2008
	68,663	70,829	12,783	12,842	11,055	11,284	92,502	94,954

Equity Holdings  
(figures according to local GAAP)

Company	Place	Share of capital in %	Equity	Net income in TEUR
Uzin Dr. Utz Ges. mbH	AT, Vienna	100,00	-376	-79
Unipro-Belgie N.V.	BE, Gent	99.98	908	221
Uzin Tyro AG	CH, Buochs	100.00	4,252	261
Sifloor AG	CH, Sursee	100.00	6,137	375
DS Derendinger AG **)	CH, Thörishaus	100.00	719	28
Uzin Utz Construction Materials Co. Ltd.	CN, Shanghai	90.00	-300	1
Uzin s.r.o.	CZ, Prague	100.00	862	248
artiso solutions GmbH	DE, Blaustein	50.00	116	6
Artiso AG *)	DE, Blaustein	50.00	27	-3
RZ Reinigungs- und Pflegesysteme GmbH	DE, Meckenheim	100.00	-2,028	-441
Genial Produkte GmbH	DE, Meckenheim	100.00	-1,492	-166
Hermann Frank GmbH & Co. KG	DE, Oberderdingen	100.00	899	-229
Hermann Frank Verwaltungs GmbH *)	DE, Oberderdingen	100.00	27	1
BIL LEASING Verwaltungs GmbH & Co. 870 KG	DE, Pullach	94.00	-3,595	447
Objekteure Verwaltungsgesellschaft mbH *)	DE, Ulm	100.00	28	1
Utz Beteiligungs GmbH	DE, Ulm	100.00	-28	-29
Uzin Utz AG	DE, Ulm	-	42,511	5.778
JP Coatings GmbH	DE, Würzburg	100.00	6,448	765
Uzin France SAS	FR, Paris	100.00	1,963	208
Uzin Limited	GB, Abingdon	100.00	1,156	86
Unikem d.o.o.	HR, Zagreb	50.00	267	-27
Uzin Utz Magyarország Kft. **)	HU, Budapest	90.00	-68	-139
Unipro B.V.	NL, Haaksbergen	100.00	4,039	1.543
Ufloor Systems NZ Ltd.	NZ, Whangaparaoa	90.00	168	-8
Uzin Polska Produkty Bodowlane Sp.zo.o.	PL, Legnica	100.00	2,951	648
Uzin Polska Sp.zo.o.	PL, Legnica	100.00	1,402	296
P.T. Uzin Utz Indonesia	RI, Jakarta	49.00	829	81
Unihem Trading d.o.o.	RS, Belgrade	50.00	-101	-153
Unihem d.o.o.	SLO, Ljubljana	50.00	2,885	390
Utz Inc.	USA, Aurora	100.00	205	-1
Ufloor Systems Inc.	USA, Aurora	90.00	-1,509	-713

\*) not consolidated

\*\*) first consolidation in business year 2009

Supervisory board

Prof. Dr. Dr. h.c. 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

## GROUP SITUATION REPORT

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### Development of the industry and the entire economy

» After the most severe economic slump since the post-war period, the global economy is currently undergoing a slight period of recovery. The deep recession was triggered by the particularly dramatic and abrupt collapse of international trade in early 2009, from which hardly any country remained unscathed. » Towards the half-year mark of 2009, positive factors such as the expansive monetary policy of the central banks, the major expansion of state-generated demand within the framework of economic stimulus programmes, the relative robustness of the threshold countries and the comparatively low oil prices all contributed to the stabilization of the global economy. Thanks to this slight relaxation, the global economy was released from its state of shock it had gone into earlier that year. And with it, returned the risk tolerance of economic players.

» The global fall in demand led to an all-time low in the decline of German exports at the start of 2009. However, the second half of the year saw a slight economic improvement. In addition, a further more dramatic collapse could be significantly relaxed with expansive fiscal and monetary measures together with the stabilizing elements for the labour market.

» For the construction industry, the difficulties for the industry forecasted for 2009 proved to be true. However, the declines in the construction sector with a minus of hardly five per cent turned out to be rather moderate from a macroeconomic perspective.

» The German commercial construction sector in particular recorded declines in comparison to the previous year. Construction investments also declined in 2009 by 0.8%. The public construction sector on the other hand continued to grow in 2009. The sector achieved a growth in turnover of 3.4% in comparison to the previous year's values, which were primarily a result of state-driven support programmes such as the stimulus programmes and the respective revival in demand caused by them. Nevertheless, the positive results could not compensate for the negative developments among commercial contractors.

» After years of decline in the German residential construction sector, the first signs of recovery were recorded in 2009. Significant reasons for this were the decline in insecurity among potential builders as well as the gradual "taking effect" of the Riester incentives for homeowners.

» In 2010 the impulses of both state economic stimulus programmes may not be enough to make up for the losses incurred in the commercial building sector. As president of the German Construction Industry Federation, Herbert Bodner (Dipl.Ing) reported at the beginning of the year, the federation is counting on further declines in turnover in 2010 which will however gradually diminish.

» The overall construction industry can expect a black zero or a slight growth, says Dr.-Ing. Hans-Hartwig Loewenstein, President of the German Construction Federation.

### Assessment by executive management

» The group's turnover in 2009 with a slight decline of 2.9% could almost be held at previous-year levels. With this, the group closed with considerably better results than other companies in the industry. Against the background

of ongoing lean competition, the group managed to further increase its market share in individual areas. The Uzin Utz Group has powerfully asserted itself in a very difficult market environment.

» The group's strengths are even better reflected in our results. Our performance is impressive: The result from ordinary business activities with 11.0 million EUR is 4.6% higher than the previous year. On the one hand, this result gives the Uzin Utz Group the certainty to be able to control crisis management, but it also benefits from its solid foundation resulting from its diversified approach, close customer proximity and a strong corporate culture.

» The group has also undertaken proactive measures: we have achieved positive effects by implementing measures to ensure our results very early on. This also involves measures to reduce costs and continuously increase efficiency. Cost savings that,

among others things could also be attributed to the improved sense of costs awareness triggered by shorter working hours, could be particularly achieved in sales and marketing.

» Further prerequisites – particularly in terms of sustainability, environmental protection and ecological orientation – were created in order to be able to successfully rise to current as well as future challenges.

» In this sense, we see sustainability as a symbol of great responsibility and the basis of our actions, a clear commitment that is not just a new fad for the Uzin Utz Group. A decisive approach for us has always been the practice of holistic thinking. We attach great importance to the fact the sustainability must be closely connected to the great responsibility that a company bears – not just for market participants and customers, but also for the employees, the industry and the environment of course. With this responsibility, the Uzin Utz Group sees its role as a decisive basis for long-term economic success.

» Clear visible proof of this corporate philosophy is the "Blue Angel" eco-seal, also well-known among laymen, which now adorns several Ökoline products from the Uzin Utz range. In addition, the company is further profiled by its membership with the German Sustainable Building Council (since 2008) and the Institute Construction and Environment (since 2009).

» "Corporate responsibility" for the Uzin Utz Groups also means actively promoting our partners. Not just by developing high-quality products, but by promoting order acquisition.

» Our "Aus eigener Kraft" (On Our Own) program launched in 2009 triggered further positive expectations in the market. With this action, the company offers its partner craftsmen concrete support in contacting public contracting authorities: cities, municipalities and building authorities, which are awarding an increasing number of contracts within the framework of the economic stimulus programme II are targeted in particular.

» These are just some impressive examples of how the Uzin Utz Group has managed to take decisive steps forward in terms of sustainability. This too is

yet but a further indicator of our pioneering role and our competitive edge.

» Overall, the Uzin Utz Group has held its ground in a challenging economical environment, marked by uncertainties, lean competition and negative exchange rate influences and has outdone the competition at several important levels.

#### Company internal success factors

» As before, the longstanding strategy of combining the four company-internal success factors:

- highly qualified and motivated employees
- high quality production in an intelligent system offer
- a unique service and logistics concept
- successful brands that foster trust

have had sustainable effects. Nothing has changed in this strategic direction of our corporate culture, which forms the basis for our profitable growth, in the past and nothing will change in the future.

» We are flexible and adaptable. In addition, we are continuously working on new and benefit-oriented products to enthuse our clientele. We have an exceptional risk management system, which has added substantially to our value and this contributes to long-term business success. All of this and the exceptional team performance of all employees in the group, as well as highly satisfied customers, contribute to stability and offer new opportunities which our company is well positioned to exploit.

» In order to continue to ensure a high degree of innovation, construction work to expand the central building for research & development began in October 2009. With this we want to provide our employees even more space to develop their ideas for innovative top-quality products. Their commitment is the basis for our success. The new building also symbolizes our commitment to our company base in Ulm and to our continued commitment to Germany as our headquarters.

» The number of employees in the group has increased on average to 859 (806). Of these, 486 (491)

work here in Germany and 373 (315) work abroad. In addition 46 (46) 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 continue to observe this important social task and offer future perspective to young persons with specialist instruction and training possibilities, and simultaneously assure the presence of qualified junior staff. The Uzin Utz Group wants their exceptional commitment to remain in the company in the future. Therefore everything is being done to promote this optimum potential.

» Uzin Utz AG and Unipro B.V., Haaksbergen, the Netherlands are companies certified according to DIN ISO standards. Also in 2009, 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 audit.

» In the business year 2009, production was carried out in the group at production locations in Ulm, Vaihingen/Enz, Oberderdingen, Würzburg, Meckenheim, Buochs (Switzerland), Sursee (Switzerland), Haaksbergen (the Netherlands), Legnica (Poland), Soissons (France), Shanghai (China), Ljubljana (Slovenia) and Jakarta (Indonesia). The total utilization capacity of all Uzin Utz works was approximately 86% and therefore sank by about 4 per cent in contrast to the previous year (90).

In 2009 there was expansion in production capacities within the group. As a result of increased demand, production capacities were expanded in Shanghai, China.

» There were no significant changes in the production program. The generally very long product life cycles also remained virtually unchanged in 2009. group-wide, every manufactured charge is subject to strict quality control, as always. Deliveries are not carried out until approval has been granted through the responsible laboratory.

» In the area of raw materials 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 our supplier base still cannot be unambiguously foreseen, since the preregistration phase of substances will last until the end of 2010 and therefore possible changes will first be indicated in the course of 2011.

» Also in the year 2009, 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 procurements area.

» The past year was especially marked by cost savings. Intensive measures were implemented to reduce costs and expenses as well as for the improvement of efficiency. This ensured the result as well as the position within the competition. Our efforts showed significant success towards the end of the second quarter in particular.

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

Key figures group	Calculation	2009	2008
Cash flow from ordinary activities	see Cash Flow Statement	16,988 TEUR	11,001 TEUR
Sales revenues	see Profit and Loss Account	172,213 TEUR	177,390 TEUR
Result from ordinary activities	see Profit and Loss Account	10,954 TEUR	10,467 TEUR
Return on sales	Result from ord. act./sales revenues	6.4%	5.9%
Return on equity	Result from ord. act./equity	15.9%	16.3%
Equity ratio	Equity/Balance sheet total	44.2%	39.6%

### 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 department 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

» With the newly-founded Hungarian marketing company, a further pillar was established to continue to cultivate the East European market. This company has been included in the consolidated financial statement since 01.01.2009.

» In addition, the sales company DS Derendinger AG headquartered in Switzerland was taken over. Since 01.01.2009, Uzin Utz AG is indirectly via Uzin Tyro AG the 100% shareholder of DS Derendinger AG.

» Within the framework of the existing authorization of the general meeting, the executive board decided in November 2008 on a stock buyback program. During the period between 11th November 2008 to 5th November 2009 a total of 13,755 own shares were purchased. This concludes the stock buyback program.

### 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 each area-specific procedure quantifiable. 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 activity

- 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 company or the group, which were already known in the year 2009, are included in the subject-related part of this report. All facts of this type, which became known between the end of the year 2009 and the time of the issue of this report, are explicitly included in the section "Significant processes after the end of the business year".

### Deviations from formerly reported expectations

» In 2009, there were no significant deviations in business development from previous expectations.

» The capital, finance and earnings and profit of the group developed satisfactorily in total, also in the year 2009 - given the economic circumstances. A major portion of the investments in the new acquisition DS Derendinger AG as well as the further penetration of the market were achieved out of own earning power.

» Between the end of the year 2009 and the generation of this report, a stable development could be noted in the revenue turnover sector in comparison to the previous period. Due to economic growth in Europe still remaining stagnant or regressive, forecasts are consequently very difficult. However, due to our specialist diversity as well as our geographic diversity, we remain confident that satisfactory results will be achieved in the coming years. With our solid base, our position within the market and our close customer proximity we are convinced that we will be able to adapt to all future challenges. In-house factors which infer complications in the reporting of the future situation are not known.

### Financial position

» The balance sheet total decreased by 6.1 million EUR to 155.6 million EUR (161.7). The share of the group fixed assets increased to about 58% (57), while the remaining assets were therefore 42% (43) of the balance sheet total.

» Customer demand decreased due to a fall in revenue turnover from 24.0 million EUR to 22.7 million EUR. The exchange-rate influence in the conversion of non-Euro balance sheets amounts to 0.1 million EUR.

» As a result of inventory reductions in the area of raw materials, auxiliary materials and operating materials, the inventory decreased by 1.7 million EUR from 21.7 million EUR to 20.1 million EUR. This decline can be generally attributed to a decrease in sales expectations as well as consequent stock management which attempts to optimally align lower capital tie-up with the necessary availability and shipability. Shorter working hours had no significant effects on stock.

» Intangible assets decreased due to depreciations

\* all figures according to IFRS

on software, patents, trademarks and other licenses by 0.6 million EUR from 33.3 million EUR to 32.7 million EUR.

» Tangible assets decreased by 1.8 million EUR to 56.7 million EUR as a result of subdued investment activities. Furthermore, the exchange rate influence from conversion of non-Euro balance sheet amounts to 0.05 million EUR.

» Cash resources increased by 5.2% or 0.7 million EUR to 14.4 million EUR.

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

» Off-balance financing instruments were used to a limited degree and predominantly concerns rent and leasing agreements.

#### Liquid and capital resources

» The equity capital was 68.6 million EUR (64.0) and, with a share of the balance sheet total of 44% (40) is still significantly above the sector average.

» The short-term liabilities with respect to credit institutes decreased by a total of 8.7 million EUR to 24.2 million EUR. This fall can be attributed to the repayments that were possible as a result of the high cash flow. Main reasons for the high cash flow were the reduction of stocks and receivables as well as subdued investments.

» Tax provisions increased by 1.0 million EUR to 1.5 million EUR.

» Other provisions in contrast decreased by 0.8 million EUR to 6.3 million EUR (7.1).

» The share of short-term liabilities on the balance sheet total decreased from 32% in the previous year to 27% in 2009.

» The long-term liabilities with regard to credit institutions decreased by 1.7 million EUR to 33.9 million EUR (35.6).

» The share of the entire long-term liabilities increased slightly from 28% in the previous year to 29% in 2009. In absolute terms, the entire long-term liabilities decreased by about 0.6 million EUR from 45.6 million EUR to 45.0 million EUR.

» The basic principle, and equally the objective, of

financial management is to guarantee sufficient liquidity at all times, with at the same time a high equity ratio far above the sector average. These requirements could be satisfied in 2009 as well. The liquidity was always guaranteed and credit lines were never required in full amounts. No special, additional financing measures were necessary in 2009. The total credit volume in the group in 2009 was 58.1 million EUR after 68.5 million EUR in the previous year. Thereof ca. 24.2 million EUR with a remaining life of up to one year (32.1), 27.9 million EUR with a remaining life between 1-5 years (24.2) and some 6.0 million EUR with a remaining life of more than 5 years (12.3). These loans are predominantly concluded with a fixed interest rate. The remaining share of the credit volume was contracted with variable interest rates. Further capital is required particularly for investments by Uzin Utz AG, however, no significant changes in the interest rate structure is expected as a result of this. In the total credit volume 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 claim from this loan, irrevocably places itself behind all current and future claims of the creditors with respect to the claims on repayment of the capital-replacement loan of a company shareholder or similar claims.

» Publically offered grant programs, middle-sized company loans, and thus interest-favourable 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 four interest caps were acquired in 2003, of which two still exist. For a variable interest-bearing loan to be taken up in 2010, an interest rate hedging transaction was concluded in 2008. An interest rate of 4.92% was hedged for a nominal value of 5.0 million EUR.

» 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 transactions and currency options were concluded.

» For the coming year, larger investments are planned for the expansion of the production location in Ulm. The entire investment volume for this is about 8.5 million EUR of which about 3.5 million EUR will go to the research & development division as well as 5.0 million EUR to the production expansion. No further significant investment volume is expected for 2010, therefore no additional significant financing measures and intentions are known for the year 2010.

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

#### Profitability

» The sales revenue of the group in 2009 could be maintained at previous year levels. Sales revenues decreased only by 2.9% from 177.4 million EUR to 172.2 million EUR. This was mainly due to the solid sales developments of JP Coatings GmbH as well as the sales development of the companies in France, the Netherlands and China. The newly consolidated companies DS Derendinger AG and Uzin Utz Magyarország Kft. (90%) contributed to the sales revenues with 4.1 million EUR. When comparing to previous year values, please note that the Unihem Group first joined the considered companies during the second half of 2008.

» The entire group foreign turnover decreased to about 92.5 million EUR (96.0). The foreign content remained with 54% at the previous year level (54). The content of the revenue turnovers outside of the Euro zone reduced to approximately 20% (21). The currencies relevant for the group, outside of the Euro zone, developed as follows:

» The entire exchange rate influence on the group was -1.1% (0.35).

» The sales volumes in the group decreased in 2009 by 5.2%. It should be noted that a quantitative change in the product mix from consisting predominantly of adhesives to dry mortar has taken place. Sales prices could be increased on average by approx. 2.6%.

» 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 amount to approx. 1.5 monthly turnovers group-wide. Statements for the order backlog are therefore not expressive.

» The overall capacity decreased by 3.5% to 171.4 million EUR (177.5).

» The absolute material expenditure decreased by 7% from 78.7 million EUR to 73.2 million EUR. The material-usage rate in the group sank from 44.3% to 42.7%.

» The share of personnel costs in the overall capacity increased to 26.6% (24.6). Personnel costs increased in absolute terms, from 43.7 million EUR to 45.5 million EUR due to tariff increases and newly consolidated partnerships.

» The depreciation volume increased especially as a result of the newly consolidated partnerships from 5.3 million EUR to 5.4 million EUR.

» The other business expenditures decreased by 3.3 million EUR, from 39.7 million EUR in the previous year to 36.4 million EUR. Cost savings is the main reason for this.

» To determine profitability, deviating result values were selected in contrast to the consolidated financial statement.

» The earnings before interest and taxes (EBIT) were with 12.7 million EUR slightly higher than the previous year (12.6).

» Due to the increased overall credit and current account volume, the financial result amounts to -2.3 million EUR, 21% above the previous year value (-3.0).

» The earnings before taxes (EBT) with 10.3 million EUR are approx. 7.3% above the previous year value (9.6).

» The profit for the year in the group, with approx. 7.1 million EUR, was about 0.7 million EUR or 9% below the previous year value (7.8). This is particularly a result of an increased deferred tax expense as well as a tax refund in the previous year.

» 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 stagnating and slightly positive growth rates for the main market of Germany and Europe, as well as for the export regions, against the background of the ongoing global financial crisis with increasing macroeconomic risks, give reason for continued vigilance. Although the construction sector in Germany is attributed a stronger role in 2010 than had been the case in the previous year and the commercial construction sector is expected to end its downward spiral, there are still several uncertainties that make a forecast at this point very difficult. The same applies to other markets: On the one hand, Eastern European countries could particularly benefit from EC subsidies, on the other hand, countries such as Ireland, Great Britain and Spain continue to battle the desolate condition of the property markets. Similar developments are also expected in the USA. Forecasts on further developments are very difficult to make, which is why no reliable statements can be made about these markets.

#### Product risks

» The future development of the group depends to a very large extent on the development of innovative products and the optimization of existing recipes. All efforts are therefore being made to further develop activities 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 being covered by an extensive country-overlapping insurance cover, which is also associated with a corresponding product liability cover. The usual operational risks are hedged through corresponding accrued liabilities carefully formulated financially.

#### Risk 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 preventive measures is reduced to a large extent. Therefore corresponding insurances were concluded for elementary damages and the resulting disruption of operations

» The probability of a failure of process-critical information-systems is reduced to a minimum by the 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, 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. In future, possible strong exchange rate fluctuations continue to entail residual risk.

» Against the background of increasing company insolvencies, the focus within the group is on permanent solvency checks of the customer. In addition, the vast majority of customer receivables is credit ensured. As a result of a group-wide tight receivables management system, the optimization of freely available resources is ensured.

» The liabilities to credit institutions contain two secondary capital tranches in the amount to 5.3 million EUR, which originate from the "Capital program for work" of the credit bank for reconstruction. Basically, all significant liabilities to credit institutions are financed long-term with fixed interest rates or hedged by interest caps or swaps against interest rate risks.

» The significant financial instruments utilized by the Uzin Utz Group consist of bank loans and overdrafts, financial leasing transaction and trade payables. The main purpose of these financial instruments

is to finance business activities. The group avails of various financial assets, such as trade payables as well as currency and short-term deposits which are a direct result of business activity. Furthermore, the Uzin Utz Group avails of derivative financial instruments such as foreign exchange forward contracts, interest caps and interest rate swaps. The purpose of these financial instruments is to protect against interest rate risks resulting from the business activity of the Uzin Utz Group and their financing sources.

#### 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 called in here. Potential 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. Basically nothing has 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 as well as project groups, which analyze individual processes and facts in detail, depending on the situation. The task responsibility lies with the responsible department/division manager of each associated company. This manager reports di-

rectly to the respective general manager/executive board of the associated company, who in turn communicates with the financial manager of the 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 by the overall 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 internal controlling and risk management system are defined and established. Basically the risk management system includes the above-described risk groups. Besides 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 risk-conscious action. » The strongly controlling-oriented cost management in the past, and well-proved as an integral component of controlling, whose importance becomes even more significant under the given conditions, will continue to support the philosophy of earnings-oriented development.

» The details in the section "Financial situation" and "Financials risks" of this report apply for the area of financial instruments. In addition, the result and liquidity risks 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.

#### Internal control system

» The internal control system is a significant point in avoiding risks, particularly in accounting and financial reporting. This encompasses the following features:

- Management and business structures are clearly defined within the Uzin Utz Group.
- Key functions encompassing all areas are centrally controlled by Uzin Utz AG, whereby the individual companies retain a high-degree of autonomy.
- The essential functions of the accounting process bookkeeping, financial accounting and cost accounting as well as controlling – are clearly separated. The areas of responsibility are clearly defined.
- An adequate guideline system is in place (e.g. group accounting regulations, travel expense regulations, etc.) which is subject to constant review.
- The financial system implemented is protected as far as possible by respective permission concepts and authorization restrictions against unauthorized access.
- The implemented financial systems are essentially based on the SAP standard. For presentation and further analyses Excel from the MS Office suite is used.
- Received or forwarded accounting data is constantly reviewed for completeness and accuracy. The implemented software performs programmed plausibility checks.
- » The control system with regard to the accounting process is developed to allow for real-time and correct accounting of all business processes and transactions. Changes in legislation, accounting standards and other pronouncements are continually analyzed in terms of relevance and effects to the consolidated financial statement and the resulting changes are adapted accordingly in group-internal guidelines and systems. The control of group accounting processes is conducted by Uzin Utz AG by the central area Group Controlling.
- » The group companies create their balance sheets locally and transfer these via a group-wide uniform data model. The group companies are responsible

for the adherence to group-wide applicable guidelines and procedures as well as the orderly and timely course of accounting-related processes and systems. The local companies are supported by central points of contact throughout the entire accounting process. The consolidated computer unit is centrally generated based on the data of the consolidated companies. During this process, manual inspections are performed on a constant basis by group controlling in order to secure the plausibility of the transferred and the consolidated data.

» Internal auditing regularly inspects business processes of the consolidated companies as well as the central areas for orderliness, profitability, efficiency and security. As an independent entity it reports directly to the board.

» The aim of our risk management system and our internal control system is to ensure the efficiency of business activities and compliance with respective statutory regulations.

#### Future framework conditions

» The economic outlook has slightly improved for 2010. The German government is expecting therefore a growth of 1.5%. However, the Internal Monetary Fund warns against a relapse: An upswing is underway but it is not yet stable. For the current year, the IMF expects a global growth of 3.1%.

» Forecasts for the coming year tend to be rather unreliable, particularly for the construction industry. Herbert Bodner, President of the German Construction Industry Federation, expects mediocre prospects and very mediocre ones for 2011. According to Bodner, 2011 could become the crisis year for the construction industry. Reasons for this are missing resources supplied by the stimulus programs for road building as well as building construction which is currently benefiting from funds for schools, public offices and fire stations. Nevertheless, the industry is presenting itself as stable to some extent.

» The following will cover the development of the regions significant to the Uzin Utz Group. We would like to discuss the development of the regions in Western and South/East Europe in particular:

» Many countries in Western Europe feel the first signs of revitalization following the economic collapse.

» For France a real increase of the gross domestic product of 1.4% is expected. Here we expect an upward movement in production and exports.

» Despite decreasing investments in the Netherlands, we expect an increase in exports and imports. The Dutch residential construction industry expects a slight downturn for the coming year. In the long-term the residential construction sector however shall remain stable. In the commercial construction sector, growth is expected in the very near future.

» For the current year 2010, we expect the British economy, after its drastic downturn of the gross domestic product, to encounter a slight invigoration. In the case of developing German export trade to the United Kingdom one has to take into consideration that this activity shall be particularly marked by the performance of the weak British Pound.

» In Switzerland stimulus packages were able to

cushion the recession. Exports and stable consumption are regarded as economic pillars. The demand in the residential construction industry will rise somewhat, in comparison with the previous years. In the long-term however, a decrease in demand is expected in the residential construction segment.

» The crisis has hit Eastern European countries particularly hard. Economic recovery is expected to be slow. In the meantime however, growth prognoses have been moved up. This is particularly due to the improved development of the four economies Poland, Turkey, Russia and Kazakhstan.

» We particularly attach great expectations to Poland. The development of the gross domestic products supports these expectations. In the past year, Poland achieved a growth of 1.2% despite the global crisis. For 2010, further growth of 1.8% is expected. In the next ten to fifteen years there will be further demand in the residential construction industry. This is due to efforts aimed at satisfying the still existing basis need for "residential living". The prognoses in the residential sector are based on constant building completions. Only once this need is fulfilled do we expect any interest in the areas of commercial construction, which includes offices, warehouses and production halls.

#### Future development of the Uzin Utz Group

» Despite signs of relaxation of the overall economic situation, the market remains unstable. From experience, the consequences of the global upswing will effect the downstream industries, in which Uzin Utz AG is active, with a time lag.

» Against the background of this expectation, the group remains cautious, but under no circumstance inactive. 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:

» For financial year 2010 we expect that the global economy will recover from the effects of the international financial crisis. However the economic development and thus also the development of the group will continue to be burdened. Our caution is even greater as the global financial crisis has left its mark in the economies of countries important to the group. Despite the high degree of insecurity and low predictability, we are certain that with the market position that we have won, our organizational structure, our broad product range and our regional diversification, we are powerful and well positioned.

» With our unique position, we expect that the decrease in sales expected for the upcoming two years will not have the effects on our business activities as it will on others in the industry. In 2010 we expect a rise in sales. We also expect an increase in the operating results in the current business year, as the measures implemented for cost and expense reduction shall continue. In this context, the development of raw materials costs is to be considered an important factor.

» The financial situation, which is especially influenced by investments made by Uzin Utz AG, shall continue to remain stable during the business year 2010.

» 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 shares. The opportunities which will offer strategically appropriate company takeovers, will of course also be reviewed in detail and realized where meaningful.

» In particular the

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

have offered, and do offer, exceptional opportuni-

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

» For business developments in Western Europe and Southern/Eastern Europe we expect the following developments: In both segments we expect that the sales revenues will remain stable in comparison to the previous year. Overall we expect a slow recovery in Western Europe and therefore a similar development for the Uzin Utz Group. In Southern/Eastern Europe we also expect stable results, in comparison to the previous period.

#### Significant processes at the end of the business year

» There were no significant events following the balance sheet date.

#### Research and development activity

» The expenditure for research and development within the group in 2009 was 4.7 million € (4.6). On average 75 (69) employees were active in the R&D / product technology area, which contributed collectively to a product innovation quota of 38% for all Uzin Utz development locations. Itemized according to brands, the following can be reported:

##### UZIN & codex brands

» The research and development expenditure by Uzin Utz AG for the Uzin and codex brands in 2009 at the Ulm location was 2.9 million EUR (2.7). On average 40.4 (40.2) employees were active in the area of R&D.

» The success of Uzin Utz AG is based on special construction-chemical knowledge and individual product know-how. This also played a significant role in 2009 for the positioning of the company within the German market as well as international markets.

The innovation ratio could again be increased significantly and not only did we achieve a new internal record brand of 43.2% (36.4%), we are also getting very close to reaching the magic number of 50% by our anniversary year in 2011. Our consequent innovation strategy was also reflected in the wholesale survey "Laying Materials" conducted in 2009, in which Uzin Utz AG took first place in the category "Innovation", as they had also done in the previous survey conducted in 2007, and received an "excellent" rating as innovation leader. Uzin Utz AG has restructured their R&D capacities. With a stronger focus on customer and market requirements, R&D specialists shall provide new technological solutions even quicker and more target oriented. We want to identify trends earlier on and tackling technical challenges as quickly as possible. This is why R&D activities have been extended and research shall be conducted in a much more comprehensive manner. The continuous and successful innovation process is based on an efficient, targeted and market-oriented D&D structure within the company.

» Despite the global economic crisis and stiff competition, Uzin Utz AG has significantly increased its innovation frequency. This is particularly underscored by important milestones and the decision to invest in a new and expanded R&D building. In the previous business year, the official cut of the spade took place for the construction of the new build of a central building for research & development. The company attaches great importance to a consequently environmentally friendly construction. With the four-storey new build certified by the German Sustainable Building Council (DGNB), the R&D division received a total floor space covering 2,000 square meters. This increases the currently available space by more than 80%. Uzin Utz AG has invested some 3 million EUR into this project. Construction is scheduled to be completed in September 2010. The new build creates the optimum framework conditions for development activities and their continued quick speed of innovation. At the same time, this strategic decision symbolizes our commitment to Ulm as our

headquarters and the products developed there. The new build is a clear reflection of the Uzin Utz claim to develop "intelligent strength". The development location in Ulm will continue to serve as the cradle of many of our new products. Some 55 employees will find work in the new "innovation factory". Bundling R&D competencies in one central building should also strengthen interdisciplinary synergy effects throughout all product groups and lab areas. At the same time, these synergy potentials focused on by headquarters serve as a leading role for international research. The new build forms the basis for innovative force and underpins our industry-wide pioneering role. With these optimal development prerequisites, a high percentage of radical innovations shall be enabled in the years to come that will offer groundbreaking new functions and good marketing opportunities.

## 1. Special activities in ready-mix mortar development

### a) Fibre-reinforced levelling compound with Level Plus Effect

» After the self-levelling cement quick levelling compound UZIN NC 172 BiTurbo has been marketed since 2008 with great success and the market introduction of two further key products of the new levelling compound generation, UZIN NC 110 Neu and UZIN NC 170 LevelStar, were introduced in 2009 with an excellent response, the newly developed innovative technology with Level Plus Effect was implemented in further premium products in the year under review. First up was the development of the new self-levelling fibre-reinforced cement levelling compound UZIN NC 175. Besides the known attributes, such as ease of application, smooth and homogenous surface optics and considerably improved absorption capacity, the new product also offers longer processing times with accelerated drying, which is particularly beneficial in unfavourable climatic conditions. During the course of the implementation of the technology, further very important properties for levelling compounds for these areas of application such as crack behaviour

and strength were optimized. Levelling applications on cushiony or strongly jointed surfaces are now even more effective and not only is the levelness created improved by the efficient fibre dosing, it has achieved a virtually perfect condition due to the surface obtained with the new super-plasticiser. Besides all the technical benefits, the new UZIN NC 175 has an excellent price-performance ratio in comparison to conventional levelling components and has achieved a notable added value for our customers.

» Furthermore, the new Level Plus Effect technology was implemented in the self-levelling fibre-reinforced gypsum levelling compound UZIN NC 115 and prepared for market introduction in 2010. This high-quality levelling compound has the same excellent application benefits as the, since early 2009, very successful new gypsum levelling compound UZIN NC 110, the "fibreless pedant". Here excellent performance was achieved while optimizing the material costs which had been used up to then.

### b) Wood flooring levelling compound for high-end application with Level Plus Effect technology

» With the self-levelling cement wood flooring levelling compound UZIN NC 174 a further premium-range product was equipped with the benefits of the new technology. This development focused on the reduction of levelling compound minimum coating thickness with still excellent spread. This could be realized with a new and unique combination of special binding agents as well as dispersant and rheology modifiers. By realizing excellent absorbability with this newly developed wood flooring levelling compound, particularly moisture-sensitive parquet floors with dispersion adhesives can be processed in future with more application-technical safety reserves than before. In addition, the strong drying properties ensure, particularly in unfavourable climatic conditions, a risk minimization in terms of potential saponification reactions of parquet adhesives applied to this new levelling compound. With this development and the previously described fibre-reinforced development products, the original aim to equip all high-end le-

levelling compounds of the UZIN range with the Level Plus Effect was exceeded by far. All the more extraordinary to note that this fabulous success story as well as the groundbreaking new developments and sales successes of the past year were achieved under the most difficult of conditions and anticyclical in a declining market.

### c) High-end robust cement turbo levelling compound

» With the high-end robust cement turbo levelling compound UZIN NC 888, a new high-quality product for the refurbishment segment was developed for the English market. By using the very finest additives and extender materials as well as the use of an extremely high plastic content, a very high degree of flexibility of the levelling compound coating and an excellent adhesive spectrum could be achieved for this product. The cement repair compound due to its quick hardening properties can be applied to virtually all substrates, even on "old" flooring already in use and on absorbable substrates can be tread on in as little as 30 minutes. The highlights of this turbo product are its extremely short drying time combined with its excellent adhesive qualities plus the fact that it can be applied to various old and new substrates without any special pre-treatment.

## 2. Special activities in liquid development area

### a) Special epoxy resin products

» When building drinking water containers and swimming pools, very high demands are placed on planning and execution in order to achieve a high quality standard. In this sense, the materials used are of very high significance. One has to ensure that the materials used do not emit any hazardous substances to the drinking and bathing water. Furthermore, it is essential that the laying materials used are resistant against microbiologic infection and that this counteracts the formation of microorganisms such as mould and fungus spores in the joints. This is why the German Federal Environmental Agency (UBA) and various other specialist associations have developed

test criteria, making test certificates for this area of application mandatory.

» With codex Hydrex, a product solution was developed that, on epoxy-resin basis, complies with the criteria of the DVGW worksheet W 270 of the German Federal Environmental Agency (UBA) guideline on hygienic assessment of drink water contact as well as the requirements for the KTW and KSW recommendations for public areas. The newly developed epoxy joints for public swimming pools and drinking water areas were tested with very complex and comprehensive testing measures and could comply with all requirements to the fullest extent. The project realization was a great challenge for the technical specialists of the adhesive development department, due to the fact that in order to comply with these strict guidelines, only substances could be used that have been specially listed by the legislator.

» At the same time, the microbiologically equipped epoxy joint code Epo Tix and codes Epo Floor were successfully developed for the private swimming pool sector, which has an increased risk of fungus due to suboptimal water treatment methods, and equipped with the additive "Bio-Resist" without having any negative effects on existing good properties such as ease of application, processing, chemical stability and mechanical strength.

» An entirely different kind of highlight was achieved with the codex Epo 2000. A flexible epoxy-data waterproof bond was brought to the market, which is particularly suitable for wall and floor surfaces due to its groundbreaking formulating technology and excellent ease of processing. This highly flexible sealing product for heavy-duty, wet and chemically burdened surfaces applied prior to laying exceeds the very high demands found in practice.

b) Modification of select liquid products due to raw material substitutions

» A significant core area of activities of the adhesives department in 2009 not described here in detail was the substitution of "key binding agents" resp. in the replacement of extremely important basic raw

materials in five core products. We have managed to convert these products without any quality loss to a more modern and environmentally friendly APEO-free recipe basis and to achieve yet a further milestone on our chosen path in terms of responsible care. c) Elimination of tin catalysts from reactive resin parquet adhesive

» Uzin Utz AG places the greatest value on environmentally friendly and application safe products. During the development of new products, strict attention is paid proactively to ecological requirements during formulation activities even without legislative guidelines being necessarily in place. But even existing recipes are subject to constant monitoring in terms of work safety relevant new evaluations that could arise at any time due to newly developed labeling intensifications of a raw material. The technical adhesives department has responded very quickly and with high priority in two current projects and has replaced tin catalysts in the parquet adhesives UZIN MK 95 and UZIN MK 100 with an alternative tin-free catalyst.

d) Other development activities in the liquid product area

» The technical department adhesives development has, besides several products not described in this report, by successfully completing the "solution to the problem" UZIN PU accelerator finished a particularly challenging project. The liquid accelerator can be added to all two-component UZIN polyurethane adhesives as well as UZIN polyurethane levelling compounds at construction sites, in order to decisively facilitate work on site especially at low temperatures. With the newly developed turbo additive, sufficiently short hardening times with long processing time could be achieved which makes economical turbo systems available to the craftsman with which he can better handle the time pressures placed on them at construction sites. The new product offers unheard of additional opportunities especially in terms of quick repair works in interior and exterior areas, e.g. when laying athletic turf.

3) Activities in comply with Blue Angel requirements

» Following changes to § 9 Nr. 9 of the VOB/A many awarding authorities as well as building authorities and architects are increasingly reverting to products with an eco-seal. The eco-seal Blue Angel (Blauer Engel) is very well known among awarding authorities, builders and consumers. A survey conducted by Uzin Utz AG revealed that 64% of the "decision makers" use the Blue Angel as an awarding criterion when it comes to the use of which products.

» Although a large portion of the Uzin Utz product range has the eco-seal Emission EC 1, which is highly regarded in the laying sector, which certifies respective EC 1 products as low emission, it is not as well known among the population as the Blue Angel.

» Several products from the UZIN brand have been reworked in order to also comply with the requirements of the Blue Angel - RAL UZ 113 - in terms of criteria that differ from the Emission EC 1. For example, for liquid products intended for Blue Angel certification, the in-can preservation had to be converted in part in order to comply with a positive list. Furthermore, it was necessary to substitute special bonding agents with APEA-free and tin-free raw materials. Concretely, seven ÖKOLINE products of the UZIN brand fulfilled the requirements to use the Blue Angel eco-seal. The "new" ÖKOLINE encompasses the entire range for reliable and safe laying works from the universal primer UZIN PE 60 to the self-levelling compounds UZIN NC 110, UZIN NC 170 LevelStar and UZIN NC 172 BiTurbo up to the adhesives UZIN KE 66, UZIN UZ 88 and UZIN MK 100. An exceptional position in the ÖKOLINE range goes to the fibre-reinforced "wet adhesive" UZIN KE 66 for PVC and rubber floor coverings developed for a healthy room atmosphere as well as maximum dimensional stability and reduced indentation behaviour. With a combination of very high shear strength and odour neutrality during and after processing this high-performance dispersion adhesive sets the very latest quality standards. The secret of our innovative know-how lies in the recipe for the custom-tailored formulation and resulting technical properties, which are developed

in close cooperation with the laying industry and under adherence to the strictest requirements. Following extensive application tests, the product was released for the market.

» This "ecological exclamation point" and the resulting highly environmentally friendly premium line fulfils GEV Emicode EC 1 requirements, as well as the respective Blue Angel requirements and is therefore the first in the industry to bear the established eco-seal. The "Highlight package" for floor covering and parquet laying not only offers the best requirements or participating in public tenders, it also provides the largest amount of safety from emissions, greatly contributing to the creation of a healthy living environment. With the development and supply of the ÖKOLINE product, Uzin Utz AG supports not just floor and parquet layers in acquiring orders, it also better complies with the requirements of the awarding authorities. This has generated important requirements and competitive edge, e.g. in the environmentally friendly renovation of kindergartens, schools and gymnasiums within the framework of the economic stimulus package II. With the compliance with the highly sophisticated criteria of the Blue Angel, the safety of our products also becomes apparent to the layperson at first glance.

» The ÖKOLINE line is not just an ecologic product range, it is an exceptional characteristic of the corporate responsibility of Uzin Utz AG. It offers our customers ecological and economical opportunities. This specific development strategy practiced by Uzin Utz AG, which is generally based on product development, generates a special degree of trust among our clientele.

#### 4) Sustainability project

» Innovation and sustainability are inextricably linked. Since 2008, Uzin Utz AG has been a member of the German Sustainable Building Council (DGNB) and since 2009 the first company from the industry to join the Institute Construction and Environment (IBU). With the membership in the DGNB and IBU the company once again emphasizes its commitment to sustainability.

» This however was not the only reason that the specialist of the product safety department, together with the management board, initiated a long-term interdisciplinary project concerning the sustainability of products and processes. Particularly in the construction industry, this topic is gaining relevance among all interest groups involved, such as craftsmen, planners, architects and builders. And not only well-known factors such as low emissions, freedom of hazardous substances and environmental friendliness play a role. An increasing number of other aspects such as the resource-friendly and energy-efficient procurement of raw materials and production methods are crucial. Taking such aspects into consideration does not just benefit man and his environment, optimized processes and products also mean high economic efficiency for the company. Exploiting such potentials ecologically as well as economically is the aim of our ambitious project.

» In this context, the so-called "Environmental Product Declarations" EDPs played a very important role. EDPs are documents that contain the quantifiable environmental data for the entire life of a construction product. This means that EDPs objectively describe the environmental properties of a product based on the method of life cycle assessment as per ISO standard 14040. At the same time the EDPs also describe technical product properties and focus on important criteria for the final consumer. Although floor covering manufacturers have realized these requirements long ago and have been active on the market with a number of EDPs, there are no respective EDPs from any market participant in the area of laying materials for floor coverings and parquet. Uzin Utz AG now fills this gap as the very first manufacturer of laying materials with an EDP for their very low emission self-leveling cement compound UZIN NC 170 LevelStar, which bears the Blue Angel eco-seal as well as the Emicode EC 1. The technical specialists for product safety have started this project for the first EDP in the laying material segment and have submitted to the committee of experts of the Institute Construction and Environment (IBU) for validation and approval.

Extensive effort is being put into the development of further EDPs in order to optimally cater to the increasing demand for sustainable and environmentally products. EDPs are therefore technically as well as environmentally related externally inspected documents. The documents primarily address architects and planners that are confronted with the task of finding suitable products with respective certification within the framework of ecological and sustainable building measures. An increasing number of such inquiries are sent to Uzin Utz AG, in particular within the framework of LEED and DGNB certification. A very positive side effect of the EDPs is also that the knowledge gained through these processes helps us to develop our products in a more sustainable manner and to optimize energy-saving measures.

» In addition, this project group has considerably contributed to the fact that the aforementioned new R&D facility has received a silver seal from the DGNB with regard to its sustainable construction, particularly in terms of energy efficiency and environmental friendliness. This actively lived responsibility contributes in fulfilling the very latest energy and environmental standards. This includes rainwater recycling, which considerably decreases water consumption or remote heating and the photovoltaic plant that should help reduce the building's energy consumption and CO<sub>2</sub> emissions. The high degree of working comfort in the new build that fulfils respective acoustic and thermal requirements is also a symbol for social sustainability, to benefit the employees. Further impressive measures in terms of sustainability are planned with the complete withdrawal from marketing solvent-containing adhesives in Germany by our anniversary year 2011. All this further underscores the pioneering role of Uzin Utz AG in terms of environmental protection.

#### switchTec

» Following intensive development activity in recent years, two entirely new products have reached the final phase. Respective market introduction is scheduled for mid 2010.

» In addition, the first innovation involves a stairway product for textile stair covers, linoleum covers and certain PVC/CV covers and will be launched on the European market.

» In the business year 2009, various patents for new technologies for dry adhesives were registered. These further developments guarantee a USP for upcoming exceptional products.

» Of course, 2009 also focused on product maintenance. This is, among other things, as a result of the changed product properties of floor coverings often necessary and practical. This ensures that the high quality of switchTec products in future also fully complies with the increasingly demanding requirements of the market.

» In addition to the previously nine certified Blue Angel products of the Uzin Utz Group, the sign range was reworked to comply with the criteria of the eco-label.

#### **WOLFF & FRANK brands**

» Product developments in 2009 involve the transport wagon for parquet sanding machines "Sander's Base". In addition, further product development were conducted: the Wolff welding machine was supplemented with a temperature display as well as a new wall switch-off.

This optimized handling increased the safety of the welding works. In addition, improvements were made to the joint milling machine with a new construction in the areas of chipping exhaust, performance and guidance of the machine.

» In order to bring new developments and improvements in future to the market quicker and more comprehensively, the R&D department was further supplemented with two engineers and a student. Furthermore, the development team "EPA" (for development – product management – application engineering) was established. This team advises and supports development with requirements from practice.

#### **The Pallmann brand**

» Research and development in the Pallmann brand

in 2009 was characterized by several innovative research projects and development activities oriented to the parquet sector.

» Some of the activities of the development department in the following:

» The solvent content of environmentally, water-based parquet varnish Pallmann Hydro Diamant was reduced to less than 5%. Plus the product also received the eco-seals Blue Angel and the EMICODE EC 1. With this, the product obtains a unique selling point in the market.

» In addition, the product range could be further rounded off with the environmentally friendly water-based parquet primer Pallmann Hydro Base, which also received the Blue Angel and the EMICODE EC 1 seal. This product development is trendsetting for sales on national and international markets.

» Development activities focused on the new development of the oil-wax combination Magic Oil 2K. Based on its successful basic recipe, the company has developed a sensational, new generation product range: the Magic Oil line contains solvent-free products (Giscode Ö10), no initial treatment is necessary, through which the layer can benefit from high quality and time savings. The aim was not just to ensure quick drying and ease of application but to also modify the processing method and to consequently adjust the material to various procedures. The result of the further development is reflected by the Magic Oil 2K update with its product variant Magic Oil Ergo 2K (for comfortable, ergonomic workmanship especially for larger objects) as well as Magic Oil 2K Spa (for use in moist rooms with moisture-insensitive parquet or wood flooring). The line is rounded off with the maintenance product Magic Oil Care Refresher. The Refresher consists of elements that achieve a refatting effect.

This effect renews the sustainable protective care coating after each use. Plus this also extended the intervals between basic cleaning and re-oiling.

» Development activities were also conducted in the area 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 implementation of this system shall take place in mid 2010.

» Development that began in 2008 in the area of UV finish was continued and safe processing was further refined. The market implementation of this system shall take place in mid/late 2010.

» The solvent-free 2C varnish TURBO Protect was developed for the extremely long-term protection of elastic floor coverings, which is highly resistant against chemicals and provides elastic floor coverings with a highly resistant protective coating.

» Some research projects moved into closer focus in 2009, with innovative solutions in development work which could indicate the further paths of the Pallmann brand. In collaboration with our longstanding raw material suppliers, we will continue this research and development work in 2010, with the aim of introducing innovative, high-quality, process-secure products on the market in 2011/2012.

#### **The Jordan Lacke brand**

» The research and development of the Jordan Lacke brand was characterized in the year 2009 by numerous innovative products.

» Some of the activities of the development department in the following:

» The expansion of the dealership network and the respective servicing of the clientele lead to the development of the water-based, ready-to-use wood stain AQUASTAIN 331, which is suitable for several wood types without any pore wetting. With a total of five basic colours and a brightener, the so-called AQUABRIGHTENER it is now possible to create stains by mixing them yourself. The range is round off with the AQUA-WETT INGASTE.

» In 2009, Aqualine was further enhanced with the product Decopaint, a conformable, transparent, water-based stair varnish AquaStep 490 that can be used as a single or double component clear varnish. Special features of this product are its ease of application, its high abrasion resistance and light fastness as

well as its exceptional strength on vertical surfaces. This new development has provided the company access to a new area of application as well as to new target customers.

» With the MARINELINE products developed in 2009 the company for the first time offers a full range of ship interior finishing. The TOP 6 products – MARINEBASE 926 | MARINEFILLER 936 | MARINECOLOR 952 | MARINECOLOR 954 | MARINELUX 972 | MARINELUX 974 cover 90% of the application areas in ship interior finishing and symbolize the future orientation of the Jordan Lacke brand.

#### The Qeshfloor brand

» Unipro B.V. in Haaksbergen is the knowledge center for plastic coatings within Uzin Utz Group.

» In the long term, Qeshfloor would like to become the absolute specialist in the area of functional floorings, particularly in the area of designer floors. This involves specialization in cast floors, epoxy-coated and polyurethane floors. The assortment of cast floors and coatings can be shipped in all colours within three days.

As sealing solutions are of essential significance for the overall systems, priority will be placed on their development in the upcoming years.

» The polyurethane cast floor was released late 2008 and a major market launch to place early 2009. The colours are characterized by RAL and NCS systems. The RAL system contains some 208 colours, the NCS 1280 different colours. In 2009, extensive development capacity was invested in the development of various colours - in cooperation with the suppliers of pigments pastes. In addition, the process has already been adjusted for epoxy cast floors and epoxy coatings so that the master solution can be used directly. A manufacturing process has been developed for this process, so that when the time at which the customer requires arrives, it is fairly at the end of the process. This enables quicker switching between colours and batch units. This method enables a very flexible process that provides a quick response to customer requirements. This way, the customer

is satisfied and Unipro can live up to its name as a flexible supplier. All in all, this has led to an increase in polyurethane flooring of 45% in comparison to a very successful previous year - and all this in the midst of an economic crisis. This can truly be called a success story.

» Developments in 2009 were not only conducted for the Dutch market but also for the international markets. The main focus in this sense was placed on Germany, Austria and Switzerland. As each market has its own standards, each market introduction brings new technological challenges.

» Especially for the German market we have received necessary certification for various systems, as was also the case in 2008. We are now able to verify the most important test requests required in Germany, e.g. for fire behaviour or chemical resistance. Almost all products are tested for food, fire, r-classes, chemical resistance and many other points.

» In 2009 the following systems and products were developed and introduced to the market:

» The Qeshfloor EP 3350 is a non-yellowing transparent coating. This coating can be applied in various coat strengths and to 3D designs. The applicability of this product sets no limits to the customer's imagination.

» The Qeshfloor EP 3600 WA was adapted and reworked so that it is now available in virtually all colours. Before the product was only available in ten standard colours. In addition, this adaptation led to many logistical advantages. On the one hand, fewer raw materials need to be stocked and one can switch between colours and the manufacturing process is shortened.

» Based on the new Qeshfloor EP 3600 WA, the EP 3800 WA product was developed for wall application. Towards the end of 2009, a recipe for the manufacture of a two-component baseboard mortar was prepared for the market. We are currently preparing the market introduction. Product introduction is planned for the first quarter of 2010.

» For the Dutch market, an IMO certified mortar system for ship construction was developed. This

product was customer specifically developed, tested and implemented.

» Furthermore, in cooperation with JP Coatings a matt, transparent varnish was developed, which is the first fully non-solvent varnish on the market with a one-of-a-kind colour reproduction. Development has already been completed by R&D. Market introduction is expected to take place early 2010.

» Finally, some recipes were optimized to enable a more accurate price-performance ratio in purchasing.

#### The RZ brand

» The second year with the Uzin Utz Group primarily involved the integration of the RZ laboratory into the network

of the Group. Emphasis was particularly placed on the optimization and adjustment of recipes in 2009. The entire range was revised, simplified and improved. Positive effects have already been achieved with the adjusted range in many areas.

» The past research & development year was particularly marked by the product development of the RZ Turbo Protect. This is a unique solvent-free two-component varnish for extreme long-term protection of elastic floors. It uniquely differs from product alternatives currently available on the market. The product only needs to be applied once and the floor has long-term protection with a highly-durable and elastic film for heavy-duty wear. Further product benefits are in the environmental and health sector: The varnish is water-based, solvent-free and odour neutral. Further advantages are its anti-slip effect, its sports floor suitability as per DIN 18032 and chemical resistance as per DIN 68861 1B. It also fulfils the requirements of DIN 51180 for sweat and saliva resistance and is suitable for children's toys. The development of the product combined the joint competence of the Uzin Utz brands Pallmann and RZ as well as the floor competence of the UZIN brand. The recipe was developed in close collaboration with the experts of these three brands. The Pallmann lab took care of the major share of the development. In addition, RZ also involved leading floor manufacturers

in the test phase of RZ Turbo Protect.

» At the same pace, we also began with the development of a strongly matted refurbishment product. Experiments with various matting agents will continue in 2010. A glossy variant already exists.

» Since the middle of the year, RZ products are also being shipped to companies in Poland, Czech Republic and Slovakia. To do so, regulations concerning the recipe, ingredients and labelling were reviewed and respective adjustments were made. Consequentially we are now very well positioned with our products on the international market.

» Especially for our Russian representatives, we have developed a recipe with a high-performance concentration to be used in the area of solid wood parquet. The product is characterized by its resource-friendly formulation and application. With this it clearly stands apart from the regular standard.

» In addition, a solvent-free, odour-neutral aqueous cleaning agent was developed for Uzin Utz AG. The benefits of this recipe are its quick efficacy and the technical properties of achieving equal strength in higher dilutions.

» In order to optimally cushion initial REACH effects, respective raw materials were exchanged throughout the entire year within the existing formulas. At the same time, this increased the performance of the final products.

» By exchanging the raw materials in the own brand a major cost benefit was achieved for RZ and a minimization of the raw material input with the same effect.

» Recipe adjustments were conducted on the basis of a change regulation. With the substitution of a raw material the recipe could be improved in ecological terms. This was achieved with RZ brand products as well as our own brand.

» As a result of location-wide and effective cooperation within the group, RZ development is currently working with the codex application engineering on two projects.

Existing branch offices

» The shareholding structure of the locations of the associated companies can be found in the presentation "Investment holdings" in the annex.

» Besides its location in Ulm, Uzin Utz AG has a further production location in Vaihingen/Enz. This production facility only manufactures machines of the WOLFF brand.

» In addition, Uzin Utz AG has four service centres throughout Germany. These serve as training and communication centres for craftsmen, retailers and planners at strategic points in Dresden,

Meckenheim, Munich and Kuppenheim near Karlsruhe.

» The French partner company located in Soissons also operates a sales office in Paris.

» In the financial year, a representation was also established in Russia.

Particularities of the Group Situation Report

» Any companies not included in the consolidated financial statement are not of any significance

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