

# GROUP INTERIM REPORT FOR THE FIRST SIX MONTHS OF 2008

# 2008



Uzin Utz Group's success continues on upwards scale

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Sales volume grows by two digits – despite high energy and raw material prices, yield matches previous year – expansion of overseas business

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The group is prepared for difficult market conditions

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## Uzin Utz AG

» During the first six months of the trading year 2008, the Uzin Utz Group was able to continue on an upwards scale from the year before. The Group succeeded in this, even though significant economic slow-downs were identifiable in a number of countries for the first time in a long while. In individual markets such as Great Britain, parts of the construction industry recorded dramatic declines, which will continue in the second half of 2008. Furthermore, there arose considerable additional costs in part, due to significantly raised energy costs as well as strongly raised material and raw material costs. These costs could not be fully imparted to the customer. Nevertheless, the Uzin Utz Group reached a more than satisfying result and also anticipates that it will reach the set targets for the entire year of 2008. This is how Uzin Utz Group highlights its forecast.

» In the previous and in part very difficult years for the sector, the Uzin Utz Group has been able to significantly better its profitability and market penetration. The company navigates its markets with strong focused and highly trained skills. The processes are strict and are constantly checked; the dealing with the customers is the highest priority. At the same time, the business has strong influence with and closeness to the customer. In addition to this, the Group has significantly expanded its presence overseas and sustainably expanded the capacity to generate added value, so that weaknesses in individual markets can be balanced out by other markets. The Uzin Utz Group has learnt to act successfully in difficult market conditions and prepared itself for such in good time. The fruits of this can now be seen by the group of companies.

» The group was able to increase its sales turnover by about 10 percent within the first half of 2008. Thereby the company has once more grown significantly stronger than the market and even in the face of tight competition has been able to further expand its market shares. In doing so, the company has profitability foremost in mind. Gaining shares of the market without positive earnings contributions is not what the company seeks to do. The earnings could be steadily upheld.

» Even in the first half of the year, the Uzin Utz Group further strengthened its international presence. Particularly within the Asian markets, considerable progress was made. Business activity on the production site in Jakarta, Indonesia was thus started and a marketing company in Whangaparaoa, New Zealand was set up.

» Alongside this, the company was successful in expanding further on the American continent. Despite the consequences of the property crisis, it was able to increase turnover by 50 percent.

## INTERIM REPORT

### Basic Conditions

» Despite resistance due to the financial crisis and the growing prices of raw materials, according to the Institute for World Economics (IFW), the world economy still appeared to be in relatively good shape during the first months of 2008. In the US economy, there is the risk of recession. In Europe, increasingly weak developments in Spain, Great Britain and Italy oppose so far relatively sound developments in Germany. The emerging markets in Latin America and above all in Asia and Eastern Europe further proved to be fast-growing.

» The German economy took off with much momentum in the current year. This momentum has however weakened in the second quarter. The economic institutes nevertheless continue to calculate a total growth of around 2 percent for the year 2008. With 3 percent growth in the first half of the year, the German chemical production was no longer quite as strong as it was in the first half of 2007. For the entire year of 2008, a production increase of 2.5 percent is expected.

» The German construction industry is cautiously optimistic. The order trend is stable, commercial construction is growing. Nevertheless, should the world market fall into a recession as a result of the financial crisis and growing energy prices, even here a significant impact is to be expected.

### Profits, financial position and net assets

» Newly incorporated in the group of consolidated companies in the second quarter of 2008 were P.T. Uzin Indonesia, UFLOOR Systems New Zealand Ltd. and Utz Beteiligungs GmbH. Uzin Utz AG holds indirectly by Utz Beteiligungs GmbH the admitted shares of both first called companies.

» In comparison to the previous year it has to be noticed, that RZ Chemie GmbH and Genial Produkte GmbH were not included in the Group of consolidated companies in the first half of 2007.

### Profit situation

#### *Sales turnover significantly increased*

» In a difficult economic environment, marked by further sharp increases in the prices of raw materials, a weak US dollar and a weak British pound, the Uzin Utz Group achieved a pleasant growth in sales turnover. During the first six months of the business year, they were able to increase their sales turnover to around 88.3 million Euros, compared to 80.4 million during the year before. This represents an increase of around 10 percent.

» In the German market, the company achieved an increase of over 9 percent – from 37.1 to 40.5 million Euros. The group remained unchanged in its position not to expand its market share at all costs, but rather to exclusively grow profitably.

#### *Significance of international market remains high*

» The export quota remains stable at 54 percent. On closer inspection however, the international sales turnover increased by 10 percent from 43.3 million to 47.8 million Euros. Remaining unchanged and with ongoing success, the group is further expanding its business internationally. Particularly in the Netherlands, Poland and the Czech Republic, it has been able to achieve considerable growth in turnover and expand its shares in the market. The Uzin Utz Group was able to make gains in almost all other international markets.

#### *Costs further under control*

» In the area of costs, the sharply increased energy costs as well as the increased prices of raw materials had an impact. Particularly in the industry, a scarcity of raw materials is evident. This is a result of the sharp reverse of capacity of the raw materials providers over the past years as well the high demand in individual markets. Nevertheless, the Uzin Utz Group was able to reduce the material input quota within the group from 44.6 to 43.3 percent. Due to raw material prices and sales turnover, the material costs grew from 36.5 to 38.1 million Euros. The company had prepared itself for the anticipated cost increases in good time. They were thus able to keep the increase to a level that was lower than average when compared to the market.

» During the first half of this year, other operating expenses increased from 18.5 million Euros to 20.6 million. This increase is essentially a result of strengthened market cultivation as well as the increased sales turnover.

#### *Employees*

» The continued growth of the group is also reflected in a higher number of employees. The number of those employed increased from 745 in the previous year to 832. 47 of these employees are from the newly consolidated companies. 37 young people were able to work as apprentices. 310 employees (285 the previous year) were working abroad, 522 (460 the previous year) in Germany.

» The personnel cost quota increased slightly to 23.9 percent from 23.2 percent the previous year. The absolute personnel costs increased from 18.7 million to 21.1 million Euros.

### *Profits*

» With earnings after tax of around 3.3 million Euros, the Uzin Utz Group is at the level of the previous year.

» With earnings before interest, taxes and amortisation (EBITA) of 8.8 million Euros, this likewise meets the level of the previous year.

» The earnings before interest and taxes (EBIT) are around 4 percent less than the previous year's and amount to around 6.1 million Euros (6.4 the previous year).

» The earnings from usual business activity dropped to 4.8 million Euros after 5.2 million during the previous year. The main reasons for this were the efforts to further expand the market share, high levels of marketing activities and a large sales expansion.

### **Financial and Assets Position**

» All balance sheet comparisons with the previous year apply to the appointed date of December 31, 2007.

» The balance-sheet total rose by 5.6 million Euros from 155,0 million Euros to 160.6 million Euros up to June 30, 2008. Amongst other things, this increase can be attributed to bank loans that were taken out for investment by the headquarters and for the establishment of the new consolidated company.

» The share in the Group's assets fell from 58 percent in the previous year to 56 percent on the date of the current balance sheet. The remaining assets therefore equate to 44 percent of the balance-sheet total.

» The accounts receivable rose from 25.1 to 32.7 million Euros.

» Inventories have fallen marginally from 22.8 to 22.0 million Euros. As before, the total assets represent the necessary internal value.

» Liquid funds rose by 3.5 percent to 10.2 million Euros.

### **Financial Situation**

» The equity is nearly constant with 60.4 million Euros (60.7) and make up a 38 percent share of the total balance sheet (previous year 39 percent).

» The short-term bank loans rose by 2.2 million Euros to 25.2 million Euros (previous year 23.0).

- » Accordingly, the short-term bank loans share of the balance sheet rose slightly from 29.2 percent to 29.6 percent at mid-year 2008.
- » The trade payables rose from 8.8 to 9.0 million Euros.
- » The tax provisions are 0.8 million Euros, down from 1.1 million Euros in the previous year.

### Outlook

» In view of its market position, the Group is cautiously optimistic and expects that the generally positive development of the company will continue throughout the whole year. The possible implications of exceptional circumstances, such as further rises in energy and raw material prices, cannot yet be evaluated very well, the Group has, however, put relevant precautions in place against such stressful developments. In the face of the considerable risks and opportunities for the future development of the Group, shown on the annual balance sheet for the business year 2007, the first six months of the current business year have not produced any noteworthy changes. The Group believes that it will achieve at least a result as good as the previous year, although the Uzin Utz anticipates a difficult market.

## INCOME STATEMENT

(according to IFRS, in TEUR, unaudited)		
	6 months 2008	6 months 2007
<b>1. Sales revenues</b>	<b>88,276</b>	<b>80,423</b>
2. Changes in inventory of finished goods and work in process	-396	1,250
<b>3. Total output</b>	<b>87,881</b>	<b>81,674</b>
4. Other operating income	591	804
5. Costs of materials	38,062	36,456
6. Personnel expenses	21,069	18,694
7. Depreciation/amortisation on tangible and intangible assets	2,631	2,400
8. Other operating expenses	20,583	18,543
9. Interest and similar income	104	26
10. Interest and similar expenses	1,438	1,234
<b>11. Result from ordinary activities</b>	<b>4,794</b>	<b>5,176</b>
12. Taxes on income and other taxes	1,501	1,861
<b>13. Net income for the year</b>	<b>3,293</b>	<b>3,315</b>
14. Minority interests in profit	31	8
<b>15. Consolidated net income for the year</b>	<b>3,324</b>	<b>3,323</b>
	June 30, 2008	Previous year
<b>Earnings per share</b>	<b>0.78</b>	<b>0.78</b>
<b>Number of employees (incl. apprentices)</b>	<b>832</b>	<b>745</b>

## BALANCE SHEET

(according to IFRS, in TEUR, unaudited)

Assets			
	June 30, 2008	Dec 31, 2007	June 30, 2007
<b>A. Non-current assets</b>	<b>92,815</b>	<b>92,401</b>	<b>83,706</b>
1. Intangible assets	31,272	31,465	26,468
2. Property, plant & equipment	58,870	58,165	55,223
3. Non-current financial assets	215	245	202
4. Deferred tax assets	1,444	1,448	1,014
5. Other non-current assets	1,013	1,078	799
<b>B. Current assets</b>	<b>67,773</b>	<b>62,553</b>	<b>61,070</b>
1. Inventories	22,026	22,809	20,800
2. Trade and other receivables	32,663	25,115	29,353
3. Cash and cash equivalents	10,228	9,881	7,733
4. Other current assets	2,856	4,748	3,183
<b>Total assets</b>	<b>160,588</b>	<b>154,954</b>	<b>144,776</b>
Equity and Liabilities			
	June 30, 2008	Dec 31, 2007	June 30, 2007
<b>A. Equity</b>	<b>60,391</b>	<b>60,679</b>	<b>56,003</b>
1. Subscribed capital	12,805	12,805	12,805
2. Profit and accumulated other equity	47,586	47,874	43,198
<b>B. Non-current liabilities</b>	<b>52,624</b>	<b>49,070</b>	<b>48,511</b>
1. Provisions for pensions and other similar obligations	1,665	1,586	1,539
2. Due to credit institutions long-term	42,702	39,397	38,634
3. Deferred tax liabilities and other non-current liabilities	8,256	8,087	8,339
<b>C. Current liabilities</b>	<b>47,574</b>	<b>45,205</b>	<b>40,261</b>
1. Current tax payables	804	1,127	1,546
2. Other provisions	9,570	7,120	8,682
3. Due to credit institutions short-term	25,165	23,005	18,177
4. Trade payables and advances received	9,004	8,830	8,715
5. Other short-term liabilities	3,031	5,122	3,141
<b>Total Equity and Liabilities</b>	<b>160,588</b>	<b>154,954</b>	<b>144,776</b>

## CONSOLIDATED CASH FLOW STATEMENT

(according to IFRS, in TEUR, unaudited)	June, 2008	June, 2007
<b>Net profit for the year</b>	<b>3,287</b>	<b>3,315</b>
+/- Depreciation and amortisation of fixed assets	2,631	2,400
+/- Change in provisions	2,206	2,506
+/- other non-cash income and expense items	0	137
-/+ Gain/loss on disposal of non-current assets	24	12
+/- Change in current assets (inventories, receivables)	-4,805	-6,122
+/- Change in liabilities	-1,749	-1,499
+/- Change from extraordinary positions	0	0
<b>Cashflow from operating activities</b>	<b>1,594</b>	<b>748</b>
+/- Proceeds from disposal of tangible assets/ Investments in tangible assets	-2,855	-1,818
+/- Proceeds from disposal of intangible assets/ Investments in intangible assets	-41	-97
+/- Proceeds from disposal of financial assets/ Investments in financial assets	0	0
+/- Change from acquisition/ sale of consolidated companies	-149	-625
<b>Cashflow from investing activities</b>	<b>-3,046</b>	<b>-2,540</b>
- Payments to shareholders and minorities	-3,840	-3,840
+ Proceeds from the issue of bonds	4,556	4,163
- Repayment of bonds	0	0
<b>Cashflow from financing activities</b>	<b>716</b>	<b>323</b>
Payment-related change in cash and cash equivalents	-736	-1,468
+/- Exchange-rate-related and other changes in cash and cash equivalents	-174	-199
+ Cash and cash equivalents at beginning of the period (Jan, 01)	-6,572	-100
<b>Cash and cash equivalents at the end of the period</b>	<b>-7,134</b>	<b>-1,768</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	10,228	7,733
short-term liabilities due to credit institutions	-17,362	-9,502
Cash and cash equivalents	<b>-7,134</b>	<b>-1,768</b>

## STATEMENT OF CHANGES IN EQUITY

(according to IFRS, in TEUR, unaudited)

	Subscribed capital	Capital reserve	Group Net Income	Reserve on own shares
<b>January 01, 2007</b>	<b>12,805</b>	<b>13,624</b>	<b>34,012</b>	<b>-1,040</b>
Exchange rate-related differences	-	-	-	-
Dividends paid	-	-	-3,840	-
Net profit for the year	-	-	3,315	-
Own shares	-	-	-	1,019
Other changes	-	-	438	-
<b>June 30, 2007</b>	<b>12,805</b>	<b>13,624</b>	<b>33,924</b>	<b>-21</b>
<b>January 01, 2008</b>	<b>12,805</b>	<b>13,624</b>	<b>38,786</b>	<b>-21</b>
Exchange rate-related differences	-	-	-	-
Dividends paid	-	-	-3,840	-
Net profit for the year	-	-	3,293	-
Other changes	-	-	118	-
<b>June 30, 2008</b>	<b>12,805</b>	<b>13,624</b>	<b>33,357</b>	<b>-21</b>

Accumulated other equity				
Translation differences	Other transactions	Equity according to balance sheet	Minority interests	Total Equity
-131	-4,006	55,265	18	55,283
-199	-	-199	-	-199
-	-	-3,840	-	-3,840
-	-	3,315	8	3,323
-	-	1,019	-	1,019
-	-	438	-20	418
-330	-4,006	55,996	7	56,003
-495	-4,006	60,694	-15	60,679
174	-	174	-1	173
-	-	-3,840	-	-3,840
-	-	3,293	31	3,324
-	-	118	-62	56
-321	-4,006	60,438	-47	60,391

## SEGMENT REPORTING

(according to IFRS, in TEUR, unaudited)

	Domestic		Foreign country	
	2008	2007	2008	2007
External sales	51,595	42,932	36,681	37,491
Intercompany sales	13,195	12,976	3,725	1,292
<b>Total sales</b>	<b>64,790</b>	<b>55,908</b>	<b>40,406</b>	<b>38,783</b>
Net profit	1,223	3,417	4,133	2,711

## NOTES TO THE SIX-MONTHLY STATEMENT

## Financial reporting and valuation methods

» This interim financial statement was prepared in accordance with the IAS 34 »Internal Financial Reporting« regulations. The interim financial statement as per June 30, 2008 and the comparative figures from the previous year were prepared by way of applying the financial reporting and valuation methods of the Group financial statement for 2007. A description of these principals is published in detail in the Notes to the Group financial statement for 2007. They are also available on the internet at [www.uzin-utz.com](http://www.uzin-utz.com).

» The Group interim financial statements are not subject to any kind of review by auditors.

» The preparation of the interim report in thousands of euros may, due to additions, give rise to rounding differences because the calculations for individual items are based on figures in euros.

Consolidation/ Transition 2008	2007	Total group 2008	2007
0	0	88,276	80,423
-16,920	-14,268	0	0
<b>-16,920</b>	<b>-14,268</b>	<b>88,276</b>	<b>80,423</b>
-2,032	-2,805	3,324	3,323

### Basis of Consolidation

- » Newly included in the group of consolidated companies in the second quarter of 2008:
  - » Due to new foundation:
    - P.T. Uzin Indonesia, Indonesia. In the previous business year, through P.T. Uzin Indonesia, a further support pillar has been created for the development of the Asian market. It took on its business operations in May 2008. (Uzin Utz share 49 percent)
    - UFLOOR Systems New Zealand Ltd. was established in April 2008 in order to build up the Australian and New Zealand market. (Uzin Utz share 49 percent)
  - » Company based in Germany, not yet consolidated due to its growing significance:
    - Utz Beteiligungs GmbH (Uzin Utz share 100 percent)  
Uzin Utz AG holds indirect control through Utz Beteiligungs GmbH over the newly founded companies.  
The Utz Beteiligungs GmbH (already in existence) has thus also been incorporated into the group of consolidated companies since the second quarter.
- » These changes are not significant for the profits, financial position or net assets.

### Cash flow statement

» The cash flow statement was prepared in accordance with IAS 7 by way of application of the indirect method for the cash flow from the ordinary activities on the basis of the net profit. The cash flow statement is divided into three areas: operating, investing and financing activities.

### Segment reporting

» Further to the figures stated in the segment reporting, the segment revenues and segment results of the Uzin Utz Group are demarcated geographically in the primary reporting format. This segment information is based, in line with the internal Group organisational structure, on the location of the Group company.

» The result items stated in the segments contain items from the operating section. Non-operating items are contained in the item »Consolidation/Transition«.

### Appropriation of profits

» The proposal to distribute part of the 2007 balance sheet total in the sum of 6,424 TEUR was approved at the Annual General Meeting held on May 06, 2008. Such a distribution amounts to a dividend of 0.90 Euro per share.

» The shares acquired as part of the share repurchase programme are not eligible for distribution. The total dividend therefore amounted to 3,840 TEUR.

### Result per share

» The result per share has been determined on the basis of the Group result after taxes and the number of shares held by the company on average in the year. The undiluted result per share is identical to the diluted result per share.

### Contingent liabilities and other financial obligations

» Compared with December 31, 2007, the other financial obligations have largely remained unchanged.

### Related party relationships

» There were no significant changes compared with December 31, 2007.

### Significant events

» There were no significant events following the conclusion of the first six months of 2008.

### Assurance by the statutory representatives

» To the best of our knowledge, we hereby assure that the accounting principles that apply to the interim reporting of the Group interim financial statement give a true and fair view of the Group's net assets, financial position, results of operations and cash flows, and in the Group interim report the business development is stated such that it reflects the actual circumstances and the key opportunities and risks of the Group's likely development in the remaining financial year.

Ulm, August 2008

Uzin Utz Aktiengesellschaft

Board of Directors



Dr. H. Werner Utz



Thomas Müllerschön

Frankness is our command:  
You are invited for the dialogue.

# Uzin Utz AG

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