Market environment consolidating

Economic recovery in many European regions

Uzin Utz AG achieves dynamic sales development in the first half-year –
Realised efficiency improvements contribute to success –
Upward trend continues

Uzin Utz AG

» Uzin Utz Group achieved significant growth in sales and profit in the first six months of the business year. As in the past business year, the group concentrated specifically on strengthening and improving the efficiency of business activities and internal procedures.

» Following a very successful first quarter, this upward trend and the positive development also continued in the second quarter.

» After the markets stabilised in many regions, and although the Uzin Utz Group is not aiming for sales growth in the core business at any price, it is particularly encouraging that almost all companies recorded increases. Sales increased even in the very weak US-American region.

» As in the past overall economic crisis phase, which has still not come completely to an end, a broad and attractive product portfolio was one of the main factors in increasing sales. The consistent cost management and the intensive results improvement measures taken at the required time also produced the desired positive effects for the company. Finally, our efforts to assume a leading role in terms of sustainability, and to support the trade in profiting from Economic Package II, also resulted in additional positive effects.

» The increased export share clearly shows that an upward trend is also gradually establishing itself in the foreign markets.

INTERIM SITUATION REPORT

General conditions

» Following the end of the severe recession since mid-2009, the world economy is back on course for growth, and this development continued in the first half of the year. The economic recovery does however show some significant regional differences. The situation on the financial markets for example was exacerbated in the second quarter by the high levels of debt of some European countries. “Following the hard winter, the German construction industry experienced a very good second quarter 2010, even if the anticipated “construction spring” in sales has not yet arrived everywhere. Business construction profited from the change in the mood of the commercial economy, residential construction appears to be slowly rising up out of the trough, and only public turnover and order intake in public construction remained below expectations, despite the economic support programmes”, wrote the “Deutsche Bauindustrie” in a press release of 25th June 2010 about the current figures.

Income, asset and financial situation
(* all previous year's figures in brackets)

Income situation
Sales increased

» In a stabilising but still difficult economic environment, the Uzin Utz Group was able to achieve growth in sales in comparison to the same period last year.

» In the first six months of the business year, sales increased from € 83.2 million in the previous year's period to around € 87.2 million, representing an increase of nearly 5%.

» In the German market, sales improved from € 39.3 million in the previous year to € 40.0 million. This stable value reflects the strong market position of Uzin Utz, the consolidation of market share and the lower restraint in the construction business than in many foreign markets.

Upward trend in foreign markets

» Foreign sales rose from € 44.0 million to € 47.2 million, thereby returning to the level before 2009.

» The export share increased to 54.1% (52.8).

» The group stuck to its long-term strategy of not increasing market share at any price, but growing only on a profitable level.

Costs still under control

» The material usage quota in the group was reduced from 42.4% to 42.0%, while material costs rose in absolute terms, due to the sales growth, from € 35.2 million to € 37.1 million.
Other operating expenditure rose from € 18.7 million in the previous year's period to € 19.4 million in the first half of this year.

Employees

» The average number of employees fell in comparison to the previous year from 914 to 875. 35 young people were taken on as trainees. There were on average 366 employees (381) working abroad, 509 (533) in Germany.

» The personnel costs quota fell slightly from 27.0% to 26.8%. In absolute terms, the personnel costs increased from € 22.5 million to € 23.4 million. The increase in personnel costs is mainly due to tariff increases and the short-time working in the previous year.

Result

» The earnings before depreciation, interest and taxes at € 9.4 million was well above the level of the previous year (7.5).

» Earnings before interest and taxes were about 39% above the previous year at around € 6.7 million (4.8).

» Earnings before taxes rose to € 5.3 million, after € 3.3 million in the previous year.

Asset situation

» For purposes of better comparability, all previous year comparisons refer to the balance sheet as at 30.06.2009.

» The balance sheet total increased from € 160.6 million by € 7.1 million, amounting to € 167.7 million as at 30.06.2010.

» The share of group capital assets declined from 58% to 56%. The remaining assets therefore make up 44% of the balance sheet total.

» Receivables from customers increased from € 30.1 million to € 32.0 million.

» Stocks on hand increased from € 21.9 million to € 23.9 million.

» Except for the investment properties, the complete assets continue to represent operationally necessary values.

» The liquid assets increased from € 10.2 million to € 12.0 million.

Financial situation

» The equity capital rose from € 62.7 million to € 69.9 million, therefore making up 41.7% of the balance sheet total (39.1).

» Short-term liabilities to banks decreased by € 3.9 million to € 31.9 million (35.8).

» The share of short-term liabilities in the balance sheet total fell slightly from 34.0% to 33.7% as at 30.06.2010.

» Accounts payables increased from € 6.8 million to € 8.1 million.

» The tax provisions, at € 2.3 million, are above the previous year's level of € 0.5 million.

» Other reserves increased by € 2.0 million.

Outlook

» Against the background of the economic situation and consumer restraint of German households, the Uzin Utz Group is not striving to achieve sales growth in the core business at any price in the current business year. Instead, all advisable measures will be taken in order to pave the strategic way for long-term and sustainable growth beyond the year 2010.

» The Uzin Utz Group will continue in the coming months to concentrate on the strengthening and efficiency improvement of its business activities and internal procedures. A significantly positive result is expected for the year-end.

» We are confident that with our positioning in the market, our close relationship with our customers and our motivated workforce, we will again be able to offer our shareholders and customers encouraging prospects for the future in the second half-year.

» No matters of particular importance took place following the end of the first half-year.

GROUP INCOME STATEMENT

according to IFRS, in TEUR, unaudited	1st half 2010	1st half 2009
1. Sales revenues	**87,167**	83,209
2. Changes in inventory of finished goods and work in process	1,096	-168
3. Total output	**88,263**	83,041
4. Other operating income	1,061	843
5. Costs of materials	37,077	35,188
6. Personnel expenses	23,379	22,454
7. Depreciation / amortisation on tangible and intangible assets	2,757	2,726
8. Other operating expenses	19,423	18,707
9. Equity method results	33	18
10. Interest and similar income	41	87
11. Interest and similar expenses	1,442	1,566
12. Earnings before taxes	**5,321**	3,349
13. Taxes on income	1,490	1,167
14. Other taxes	345	344
15. Net income for the year	**3,487**	1,838
16. Minority interests in profit	27	-42
17. Group net profit	**3,460**	1,880
	June 30, 2010	June 30, 2009
Earnings per share (in EUR)	0.81	0.44
average number of employees (incl. trainees)	875	914

BALANCE SHEET OF UZIN UTZ GROUP

according to IFRS, in TEUR, unaudited

ASSETS	June 30, 2010	Dec 31, 2009	June 30, 2009
A. Non-current assets			
1. Intangible assets	32,879	32,745	32,833
2. Property, plant & equipments	58,044	56,709	57,181
3. Non-current financial assets	902	774	759
4. Investment Properties	2,509	2,238	2,177
5. Deferred tax assets	1,684	1,568	1,460
6. Other non-current assets	805	809	929
	96,823	94,844	95,339
B.Current assets			
1. Inventories	23,880	20,079	21,891
2. Trade and other receivables	32,033	22,738	30,121
3. Other current financial assets	106	146	59
4. Cash and cash equivalents	12,001	14,350	10,241
5. Other current assets	2,845	3,479	2,946
	70,866	60,792	65,257
	167,689	155,635	160,596

EQUITY AND LIABILITIES

A. Equity	June 30, 2010	Dec 31, 2009	June 30, 2009
1. Subscribed capital			
2. Profit and accumulated other equity	12,805	12,805	12,805
	57,107	55,781	49,871
B. Non-current liabilities	**69,912**	68,586	62,676
1. Provisions for pensions and other similar obligations			
2. Due to credit institutions long-term	2,366	2,187	2,041
3. Deferred tax liabilities and other non-current liabilities	29,735	33,924	32,817
	9,213	8,908	8,416
	41,314	45,019	43,274
C. Current liabilities			
1. Current tax payables	2,337	1,512	549
2. Other provisions	11,008	6,270	9,050
3. Due to credit institutions short-term	31,905	24,168	35,783
4. Trade payables and advanced received	8,137	5,510	6,832
5. Other current liabilities	3,076	4,570	2,432
	56,463	42,031	54,646
	167,689	155,635	160,596

CONSOLIDATED CASH FLOW STATEMENT

according to IFRS, in TEUR, unaudited		June, 2010	June, 2009
Net profit of the year		**3,487**	**1,838**
+/-	Depreciation and amortisation of fixed assets	2,757	2,726
+/-	Change in provisions	5,742	1,618
-/+	Gain/loss on disposal of non-current assets	-15	-29
+/-	Change in current assets (inventories, receivables)	-12,535	-3,030
+/-	Change in liabilities	-1,438	-1,698
Cash flow from operating activities		**874**	**1,425**
+/-	Proceeds from disposal of tangible assets / investment in tangible assets	-3,970	-856
+/-	Proceeds from disposal of intangible assets / investment in intangible assets	662	-29
+/-	Proceeds from disposal of financial assets / investment in financial assets	-95	5
+/-	Change from aquisition / sale of consolidated companies	0	-769
Cash flow from investing activities		**-3,403**	**-1,650**
-	Payments due to aquisition of own shares	0	-64
-	Payments to shareholders and minorities	-2,637	-2,639
+/-	Proceeds to the issue of bonds / Repayment of bonds	3,321	-3,182
Cash flow from financing activities		**684**	**-5,885**
+/-	Payment-related change in cash and cash equivalents	-1,845	-6,110
+/-	Exchange-rate-related and other changes in cash and cash equivalents	-729	-302
+	Cash and cash equivalents at the beginning of the period (Jan, 01)	303	-6,064
Cash and cash equivalents at the end of the period		**-2,271**	**-12,477**
Cash and cash equivalents			
Cash and cash equivalents		12,001	10,241
Short-term liabilities due to credit-institutions		-14,272	-22,717
Cash and cash equivalents		**-2,271**	**-12,477**

STATEMENT OF CHANGES IN EQUITY

according to IFRS, in TEUR, unaudited

			Retained earnings	
	Subscribed capital	Capital reserve	Group net income	Translation differences
January 01, 2009	**12,805**	**13,624**	**42,760**	**-718**
Exchange rate-related differences				-276
Other changes			-211	
Net income directly regognised in equity			**-211**	**-276**
Net profit for the year			1,880	
Total recognised income and expenses			**1,669**	**-276**
Own shares				
Dividends paid			-2,639	
Changes in basis of consolidation				
June 30, 2009	**12,805**	**13,624**	**41,790**	**-994**
January 01, 2010	**12,805**	**13,624**	**47,180**	**-343**
Exchange rate-related differences				667
Other changes			-153	
Net income directly regognised in equity			**-153**	**667**
Net profit for the year			3,460	
Total recognised income and expenses			**3,307**	**667**
Own shares				
Dividends paid			-2,637	
June 30 ,2010	**12,805**	**13,624**	**47,850**	**324**

Reserve on own shares	Other transactions	**Equity according to balance sheet**	Minority interests	Total equity
-124	**-4,224**	**64,123**	**-95**	**64,028**
		-276	3	-273
		-211	-11	-222
		-487	**-7**	**-494**
		1,880	-42	1,838
		1,393	**-49**	**1,344**
-64		**-64**		-64
		-2,639		-2,639
		0	7	7
-189	**-4,224**	**62,813**	**-137**	**62,676**
-235	**-4,282**	**68,749**	**-164**	**68,586**
		667	-14	653
		-153	-23	-176
		514	**-37**	**477**
		3,460	27	3,487
		3,974	**-11**	**3,963**
		0		0
		-2,637		-2,637
-235	**-4,282**	**70,086**	**-174**	**69,912**

SEGMENT REPORTING

according to IFRS, in TEUR, unaudited		Germany		
		installation systems	Surface care and enhancement	Western Europe
External sales		40,302	7,241	16,634
	previous year	38,615	7,296	15,518
Intercompany sales		11,859	2,163	4,574
	previous year	11,059	1,404	3,794
Total sales		**52,161**	**9,404**	**21,208**
	previous year	49,674	8,700	19,312
Segment Profit (EBIT)		**2,661**	**786**	**1,997**
	previous year	1,749	545	1,859

Reconciliation

» Reconciliation of the total segments' profit to profit before taxes is as follows:

Reconciliation of the total segments profit (in TEUR)	June 30, 2010	June, 30 2009
Total segments profit	**6.970**	4.941
Total segments profit, non operating segments	-1	0
Eliminations	-282	-130
Group-EBIT	**6.687**	4.810
Equity method results	33	18
Interest and similar income	41	87
Interest and similar expenses	1.442	1.566
Group-EBT	**5.321**	3.349

South-/Eastern Europe	all other segments	Reconciliation	Total group
5,476	**17,513**	**0**	**87,167**
5,570	16,209	0	83,209
466	**1,267**	**-20,328**	**0**
225	1,875	-18,357	0
5,942	**18,781**	**-20,328**	**87,167**
5,796	18,084	-18,357	83,209
311	**1,215**	**-283**	**6,687**
493	295	-130	4,810

NOTES TO THE SIX-MONTHLY STATEMENT

Financial reporting and valuation methods

» This interim financial statement was prepared in accordance with the IAS 34 »Interim Financial Reporting« regulations. The interim financial statement as per June 30, 2010 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 2009. A description of these principals is published in detail in the Notes to the Group financial statement for 2009. They are also available on the internet at 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.

Due to seasonal effects, greater fluctuations may occur in individual balance sheet items when making comparisons between the half-year and the full business year.

Consolidation group

» During the reporting period, there were no changes in the basis of consolidation.

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 operating activities on the basis of the net profit. The cash flow statement is divided into three areas: operating, investing and financing activities.

Segment reporting

» In the previous business year, IFRS 8 Operating Segments was applied for the first time. The segments are shown according to their internal organisation and reporting structure and the legal units, although these were summarised taking into account regional areas of responsibility.

» The segment result is shown as the result before taxes and interest. In comparison to the previous year's period, there was only a minor change in the grouping of the segments, which was also applied at the end of the business year 2009. Previous years' figures have been amended accordingly.

Appropriation of profits

» The proposal to distribute part of the 2009 balance sheet total in the sum of 9,728 TEUR was approved at the Annual General Meeting held on May 11, 2010. Such a distribution amounts to a dividend of 0.62 Euro per share. The total divided therefore amounted to 2,646 TEUR.

Earnings per share

» Earnings 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, 2009, the other financial obligations have largely remained unchanged.

Related party relationships

» There were no significant changes compared with December 31, 2009.

Significant events

» There were no significant events following the conclusion of the first six months of 2010.

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.

Disclaimer

» This report contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond Uzin Utz AG's ability to control or estimate precisely. Actual results may be materially different from those expressed or implied by these statements. Uzin Utz AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Ulm, August 2010
Uzin Utz Aktiengesellschaft
Board of Directors

Dr. H. Werner Utz Thomas Müllerschön

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

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