Group Interim Report for the First Six Months of 2007

Uzin Utz gains market share

Clear sales increase – double-digit growth

Investments in new brands and markets

Uzin Utz AG

» The Uzin Utz Group is acquiring additional market shares in the 2007 financial year, and is increasingly benefiting from the strategic measures adopted in previous years. At the same time, the strategy of profitable growth has had a considerable effect on the company's success. In the first six months of the 2007 financial year, sales and profits saw further, significant, increases. Once again, the Group was particularly successful in the recovering German market, where sales increased in the period under review on average by about 15 percent. However, foreign companies also witnessed significant increases.

» In addition to the successful expansion in existing markets, Uzin Utz's investments in the first six months were targeted and strategically aligned to new markets and brands to expand the value chain for all matters concerning floor processing. This has created a solid basis for further growth.

» Compared with the previous year, the Group's sales increased by about 11 percent, while the profits from ordinary activities increased disproportionately by about 13 percent. Profit after taxes increased by about 11 percent.

Interim Management Report

Basic conditions

» From an overall economic point of view, the European markets of significance to the Uzin Utz Group where largely characterised by positive development. Above all, German chemical companies are currently seeing successful development, and during the first six months of 2007 generated stable growth on the world markets and in Germany.

» This trend has wide-ranging positive effects – on yields, investments and the job market – and is continuing in the principal construction sector. For example, unemployment figures for this sector fell in 2007 to the lowest level for more than ten years.

Results of operations and cash flows, financial position and net assets

Results of operations and cash flows

Significant increase in sales

» In the first six months of the financial year, the Uzin Utz Group saw sales increase to about 80.4 million Euro following 72.3 million Euro in corresponding period last year.

» Business operations on the German market saw the largest increase at 15 percent – from 32.2 million to 37.1 million Euro. In this respect, Uzin Utz acquired a significant additional share of the market. The company stayed true to its approach of not fighting for market shares at any price, but instead solely creating growth on a profitable basis.

Foreign companies still highly significant

» Due to the significant growth in Germany the export quota fell slightly for the first time in several years from 55 percent to 54 percent. However, in absolute terms, foreign sales increased by 8 percent from 40.1 million to 43.3 million Euro. The company is still further expanding its foreign activities, and achieving good results in the process. Sales and market shares increased significantly in particular in the Netherlands, Poland, Switzerland and France. Uzin Utz also saw increases in all other foreign markets. The operations geared towards establishing a market in the USA have also been successful.

Costs further under control

» Severe increases in energy costs and, above all, the cost of raw materials, made their presence felt in respect of the company's costs. To a certain extent the market can be said to be characterised by an actual scarcity of raw materials caused by the heavy capacity drop among raw material suppliers in the past few years, and the high demand in individual markets. The Group's material input quota consequently increased from 43.3 percent to 44.6 percent. Raw material costs and sales saw material costs increase in absolute terms from 31.5 million to 36.5 million Euro. The Group was not surprised by this development, and had made appropriate preparations. Overall the increases were below average compared with the market.

» Other operating expenses increased from 16.4 million Euro in the corresponding period last year to 18.5 million Euro in the first six months of this year. This increase is largely attributable to the increase in market processing.

Human Resources

» Once again the Group created new jobs. Compared with the previous year, the number of employees increased from 688 to 745. In this respect, 17 employees come from newly consolidated companies. Apprentices were taken up by 26 young people. The company had 285 employees abroad (previous year 268) and 459 in Germany (previous year 459).

» In relation to sales, personnel costs fell once again. The personnel cost quota fell to 23.2 percent following 23.9 percent in the previous year. Once again, this is testimony to the Group's high level of efficiency and strict cost discipline – even following the end of declining markets. In absolute terms, personnel costs increased from 17.3 million to 18.8 million Euro.

Significant increase in profits

» The earning capacity of the Uzin Utz Group was undiminished in the first six months of the current financial year. The result from ordinary activities increased to 5.2 million following 4.6 million Euro in the previous year. The Uzin Utz Group therefore saw an increase of about 13 percent.

» At 8.8 million Euro, earnings before interest, taxes, depreciation and amortization (EBITDA) increased by about 8 percent compared with the previous year's figure of 8.1 million Euro.

» At 6.4 million Euro, earnings before interest and taxes (EBIT) were 12 percent higher than in the previous year, and amounts to about 6.4 million Euro (5.7).

Net assets

» All balance sheet comparisons with the previous year apply to the appointed date of December 31, 2006.

» The balance sheet total of 137 million increased by 7.8 million Euro, and as per June 30, 2007 is 144.8 million Euro. This increase is attributable to the long-term liabilities due to credit institutions used for investments at the Ulm location and the newly consolidated companies.

» The share in the Group's assets fell from 59 percent in the previous year to about 57 percent on the current balance sheet date. The remaining assets therefore amount to 43 percent of the balance sheet total.

» Customer receivables increased, largely due to the increase in sales, from 24.4 million to 29.4 million Euro.

» Inventories increased, likewise due to the increase in sales, from 18.9 million to 20.8 million Euro.

» Liquid funds increased by 3.5 percent to 7.8 million Euro.

Financial position

» The equity increased from 55.3 million to 56.0 million Euro, and accounts for a share of 39 percent in the balance sheet total (previous year 40).

» Short-term liabilities due to banks increased by 2.2 million to 18.2 million Euro (previous year 16,0).

» Accordingly, the share of the short-term liabilities in the balance sheet total increased slightly from 27.1 percent to 27.8 percent as per June 30, 2007.

» Trade accounts payable fell from 8.9 million to 8.7 million Euro.

» At 1.5 million Euro, the tax reserves are just slightly lower that the previous year's figure of 1.6 million Euro.

Outlook

» The Group is optimistic, and expects to see a continuation of the overall positive development for the entire year. At present, the full force of the possible effects of special circumstances, and the further increasing energy and raw material costs, cannot be estimated. However, Uzin Utz has taken precautions for the respective negative developments. Compared with the risks and opportunities for the Group's future development, largely stated in the annual financial report for the 2006 financial year, no essential changes were reported for the first six months of the current financial year. Likewise, there were no highly significant events upon conclusion of the first six months of the year.

» Not least due to the acquired strength in the market and competitive environment, the Uzin Utz Group is optimistic in its forecast for the following six months of the year.

» The Group is confident that it can significantly increase sales in this year compared with the previous year. Likewise, Uzin Utz therefore expects to exceed the previous year's result at the end of the year.

Income Statement

(according to IFRS, in TEUR, unaudited)	6 months	
	2007	2006
1. Sales revenues	**80.423**	**72.343**
2. Changes in inventory of finished goods and work in process	1.250	376
3. Total output	**81.674**	**72.719**
4. Other operating income	804	604
5. Costs of materials	36.456	31.483
6. Personnel expenses	18.694	17.314
7. Depreciation/amortisation on tangible and intangible assets	2.400	2.407
8. Other operating expenses	18.543	16.421
9. Interest and similar income	26	65
10. Interest and similar expenses	1.234	1.161
11. Result from ordinary activities	**5.176**	**4.602**
12. Taxes on income and other taxes	1.861	1.616
13. Net income for the year	**3.315**	**2.986**
14. Minority interests in profit	8	12
15. Consolidated net income for the year	**3.323**	**2.998**

	June 30, 2007	previous year
Earnings per share	0,76	0,71
Number of employees	744	687

Balance Sheet Of Uzin Utz Group

(according to IFRS, in TEUR, unaudited)

Assets	June 30, 2007	December 31, 2006	June 30, 2006
A. Non- current assets	**83.706**	**82.478**	**79.667**
1. Intangible assets	26.468	25.532	26.082
2. Property, plant & equipment	55.223	54.590	52.063
3. Non- current financial assets	202	335	107
4. Deferred tax assets	1.014	1.082	1.358
5. Other non-current assets	799	939	56
B. Current assets	**61.070**	**54.480**	**56.079**
1. Inventories	20.800	18.938	19.387
2. Trade and other receivables	29.353	24.441	26.126
3. Cash and Cash equivalents	7.733	7.474	8.015
4. Other current assets	3.183	3.627	2.551
Total assets	**144.776**	**136.959**	**135.745**

Equity and liabilities	June 30, 2007	December 31, 2006	June 30, 2006
A. Equity	**56.003**	**55.283**	**49.997**
1. Subscribed capital	12.805	12.805	12.805
2. Profit and accumlated other equity	43.198	42.478	37.192
B. Non-current liabilities	**48.511**	**44.616**	**51.069**
1. Provisions for pensions and other similar obligations	1.539	1.484	1.565
2. Due to credit institutions long-term	38.634	34.766	41.478
3. Deferred tax liabilities and other non-current liabilities	8.339	8.366	8.026
C. Current liabilities	**40.261**	**37.059**	**34.679**
1. Current tax payables	1.546	1.627	1.457
2. Other provisions	8.682	6.148	7.695
3. Due to credit institutions short-term	18.177	15.955	14.451
4. Trade payables and advances received	8.715	8.942	8.493
5. Other short-term liabilities	3.141	4.386	2.583
Total equity and liabilities	**144.776**	**136.959**	**135.745**

Consolidated Cash Flow Statement

(according to IFRS, in TEUR, unaudited)	**June 30, 2007**	June 30, 2006
Net profit for the year	**3.315**	**2.986**
+/-Depreciation and amortisation of fixed assets	2.400	2.447
+/- Change in provisions	2.506	1.895
+/- other non-cash income and expense items	137	0
-/+ Gain/loss on disposal of non-current assets	12	44
+/- Change in current assets (inventories, receivables)	-6.122	-5.283
+/- Change in liabilities	-1.499	51
+/- Change from extraordinary positions	0	0
Cashflow from operating activities	**748**	**2.140**
+/- Proceeds from disposal of tangible assets/ Investments in tangible assets	-1.818	-2.943
+/- Proceeds from disposal of intangible assets/ Investments in intangible assets	-97	-10
+/- Proceeds from disposal of financial assets/ Investments in financial assets	0	0
+/- Change from aquisition/ sale of consolidated companies	-625	0
Cashflow from investing activities	**-2.540**	**-2.953**
- Payments to shareholders and minorities	-3.840	-3.155
+ Proceeds from the issue of bonds	4.163	4.539
- Repayment of bonds	0	0
Cashflow from financing activities	**323**	**1.384**
Payment-related change in cash and cash equivalents	-1.468	572
+/- Exchange-rate-related and other changes in cash and cash equivalents	-199	363
+ Cash and cash equivalents at beginning of the period (Jan, 01)	-100	-3.093
Cash and cash equivalents at the end of the period	**-1.768**	**-2.158**
Cash and cash equivalents		
Cash and cash equivalents	7.733	8.015
short-term liabilities due to credit institutions	-9.502	-10.173
Cash and cash equivalents	**-1.768**	**-2.158**

Statement of Changes in Equity

(according to IFRS, in TEUR, unaudited)

	Subscribed capital	Capital reserve	Group Net income	Reserve on own shares
January 01, 2006	**12.805**	**13.624**	**29.412**	**-1.040**
Exchange rate-related differences				
Dividends paid			-3.155	
Net profit for the year			2.986	
Changes in basis of consolidation				
Other changes			-391	
June 30, 2006	**12.805**	**13.624**	**28.852**	**-1.040**
January 01, 2007	**12.805**	**13.624**	**34.012**	**-1.040**
Exchange rate-related differences				
Dividends paid			-3.840	
Net profit for the year			3.315	
Own shares				1.019
Other changes			438	
June 30, 2007	**12.805**	**13.624**	**33.924**	**-21**

Accumulated other equity				
Translation differences	Other transactions	**Equity according to balance sheet**	Minority interests	**Total equity**
-139	**-4.208**	**50.454**	**47**	**50.501**
-124		**-124**		**-124**
		-3.155		**-3.155**
		2.986	12	**2.998**
	202	**202**		**202**
		-391	-34	**-425**
-263	**-4.006**	**49.972**	**25**	**49.997**
-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**

Segment Reporting

(according to IFRS, in TEUR, unaudited)	Domestic 2007	2006	Foreign country 2007	2006
External sales	42.932	38.805	37.491	33.538
Intercompany sales	12.976	10.919	1.292	1.001
Total sales	**55.908**	**49.724**	**38.783**	**34.539**
Net profit	3.417	2.805	2.711	2.970

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, 2007 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 2006. A description of these principals is published in detail in the Notes to the Group financial statement for 2006. 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.

Consolidation/ Transition 2007	2006	Total group 2007	2006
0	0	80.423	72.343
-14.268	-11.920	0	0
-14.268	**-11.920**	**80.423**	**72.343**
-2.805	-2.777	3.323	2.998

Consolidated companies

» The consolidated companies were expanded by the following companies in the period under review:

» At the end of last year, the way was paved the expansion of the US American market with UFLOOR Systems Inc. and Utz Inc. in Greensboro, USA. These were incorporated in the consolidated companies as per January 01, 2007.

» By way of the acquisition of the parquet grinding machine manufacturer Hermann Frank GmbH & Co. KG in Flehingen near Bruchsal, the Uzin Utz Group expanded its range in respect of laying new and refurbishing floor coverings and parquet.

» The contract of purchase on all interests in Hermann Frank GmbH & Co KG, and all shares in the general partner Hermann Frank Verwaltungs GmbH was signed retroactively on January 11, 2007 to take effect on January 01, 2007.

» The cash purchase price for Hermann Frank Verwaltungs GmbH was 25 TEUR. The purchase price for the interests in Hermann Frank GmbH & Co. KG amounted to 595 TEUR. In addition, an agreement was reached on the surrender of 60,000 own shares. At the time of the surrender of the own shares, the stock exchange price was 24.21 Euro. An equity guarantee was agreed upon regarding the purchase price. Upon submission of the audited annual financial statements of the acquired companies, the purchase price was therefore ultimately fixed as per December 31, 2006. This review has not been complete at the present time. The stated details are therefore estimates. Likewise, assumptions and estimates were used in the case of incorporating the assets and debts.

» The brand Frank is contained in the intangible assets as an identifiable asset that was capitalised with its adjusted market value.

» The remaining surplus acquisition costs of the adjusted market value for the balance sheet net assets in the sum of 0.7 million Euro is largely attributable to the synergy potentials in the Wolff brand.
» In the first six months of the current financial year, the net sales of Hermann Frank GmbH & Co. KG amount to 882 TEUR.
» These changes are not relevant to the results of operations and cash flows, financial position and net assets.
» The liquidation of the Turkish company Uzin DisTicaret Ltd., which had already been shut down in 2001, was completed in April.

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.
» The composition of the financial funds item was adjusted for the previous year by the liabilities due to banks with an acquisition time made up of a residual period of longer than three months. Accordingly, the previous year's cash flow increased in terms of amount by these liabilities resulting from the 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«. The previous year's figures are stated accordingly.

Appropriation of profits

» The proposal to distribute part of the 2006 balance sheet total in the sum of 5,273 TEUR was approved at the Annual General Meeting held on May 15, 2007. 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 divided 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, 2006, the other financial obligations have largely remained unchanged.

Related party relationships

» Mr Leppink retired from the Board of Directors with effect from February 15, 2007. His area of responsibility was divided among the remaining Board members.

» Furthermore, there were no significant changes compared with December 31, 2006.

Significant events

» There were no significant events following the conclusion of the first six months of 2007.

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 2007
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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