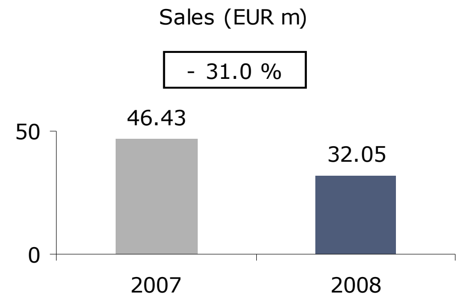
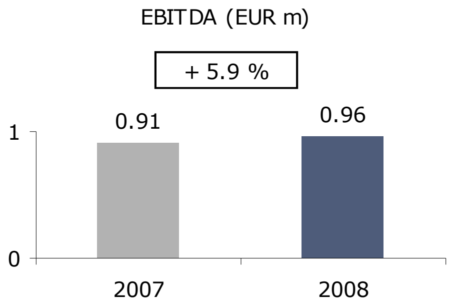
Annual Report
2008

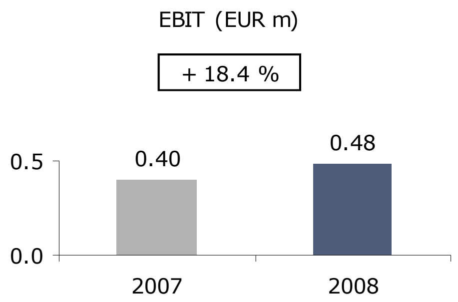
UR Holding S.p.A.

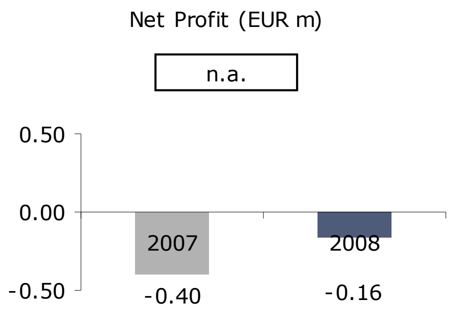
Financial ratios - Overview

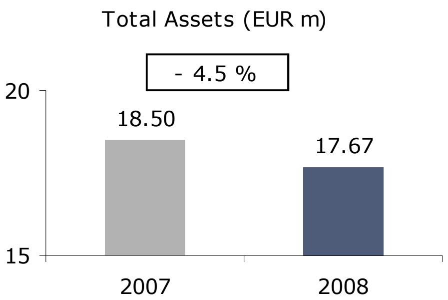
Sales and Earnings in 2008

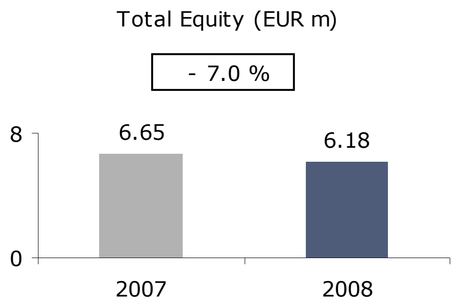


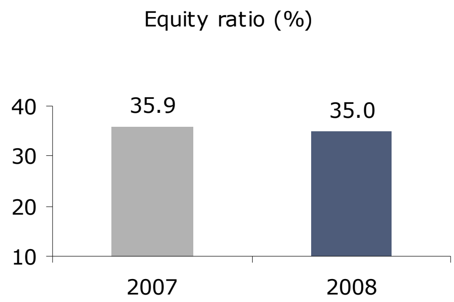












Financial Calendar 2009

July 2009	General Annual Meeting 2009
September 2009	Release Mit-term Report 2009

Balance sheet ratios	2008-12-31 EUR 000	2007-12-31 EUR 000	Variance EUR 000	%
Balance sheet total	17,655	18,499	-844	-5
Total equity	6,177	6,648	-471	-7
Liabilities	10,307	10,775	-468	-4
Equity ratio	35.0%	35.9%	n.a.	n.a.
Cash and cash equivalents	2,386	4,118	-1,732	-42

Income statement ratios	2008-12-31 TEUR	2007-12-31 EUR 000	Variance EUR 000	%
Revenues	32,049	46,426	-14,377	-30.97
EBITDA	959	906	53	5.85
EBIT	477	403	74	18.36
Financial result	-392	-650	258	n.a.
EBT	75	-247	322	n.a.
Profit of the year	-155	-401	246	n.a.
Earnings per share	-0,02	-0,05	#WERT!	n.a.

Other ratios	2008-12-31	2007-12-31	Variance	
Number of employees	80	78	2	3

Share ratios	2008-12-31
Share Capital	1,847,000 €
Stock numbers	7,386,730
Share price 2006-11-08	3.50 €
Share price 2008-12-30	0.20 €
Share price 2008-05-29	0.36 €
Market Cap. 2008-12-30	1,477,347 €
Market Cap. 2008-05-29	2,659,223 €
Segment	Entry Standard
WKN	A0LBEG

Index

Turning ideas into solutions through partnership!

Over a decade's experience in the high-tech electronics industry, leading European demand creation company, far reaching technological know-how – just some of the qualities that define UR.

Manufacturers and suppliers have to meet ever higher demands due to increasingly dynamic development and individualisation in the electronics industry.
Thanks to our close cooperation with partners
we are well equipped

Board members

Board of directors

Giovanbattista Laghezza
CEO & President

- Founder of UR Holding S.p.A.
- Successful track record in the high-tech industry for 25 years
- Responsibilities: corporate technology, marketing, finances

Stefan Haas
CFO

- Over 15 years of relevant professional experience
- Special area of M&A and private equity with a focus on SMEs
- Responsibilities: M&A, financing, strategic planning

Supervisory board

Dr. Maria Cristina Ciarchi , Chairman of the Supervisory board (Ernst & Young)

Dr. Massimo Giaconia (Baker & Mc. Kenzie)

Dr. Giovanni Lettieri (Ernst & Young)

Dear Shareholders,
Dear Sir / Madam,

The 2008 financial year was a very difficult year for the electronics industry, dominated by the persisting worldwide economic crisis. Nevertheless, the UR Holding business model also proved itself to be robust and successful in the reporting period. We consistently pursued our Group strategy in the past financial year, which gears the company towards sustainable sales and earnings growth. The clear focus was on cementing international Group structures as well as optimising and making targeted additions to the product range.

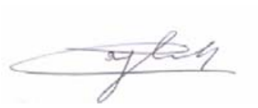
The measures introduced in 2008 were primarily aimed at streamlining company structures, optimising the manufacturer and product portfolio, as well as introducing and implementing additional services.
Restructuring largely included establishing the subsidiaries purchased as part of the internationalisation strategy and reorganising UR Central. Grouping the operating units in Germany and Austria promises cost cutting potential and efficient management of company activities.
The strategic focus on high-quality technological products allowed us to react ahead of time to the increasingly dynamic development and individualisation of the electronics industry during the reporting period. We are consciously reducing our portfolio to a limited number of strategically important manufacturers. Despite the decreasing sales this change causes in the short term, in the medium term these top class partners bolster our positioning as a specialist in high-end electronic components and services, which in our view represents a vital basis for sustainable competitiveness and therefore the key criterion for further growth.

The figures from the reporting period paint an inconsistent picture. Consolidated sales came in at €32.1 million. Compared to the same period in the previous year, this represents a fall of around 31% due to the structural changes to the manufacturer and product portfolio. The earnings figures however showed the first successes of the initiated measures and improved in spite of sales development. EBITDA increased by 6% compared to the previous year to approximately €1 million. Earnings before interest and taxes (EBIT) also rose, coming in at €0.5 million, up 18% on the previous year's figure of €0.4 million. At Group level this resulted in slightly negative earnings totalling €-0.2 million as of 31 December 2008 (previous year: €-0.4 million), representing an improvement of approximately €0.3 million. We anticipate that the initial successes of restructuring will have a positive effect on earnings development in the future. We remain optimistic about the company's liquid assets totalling €2.4 million as well as the comfortable equity ratio of 35%.

The successful restructuring of international Group structures and the aforementioned portfolio optimisations provide a good basis for further positive sales and earnings development. We are pursuing two different approaches in an effort to make the most of this potential. The first approach focuses on existing customers. Here we are using our outstanding reputation to expand our business with additional services like supply chain management and sourcing/procurement. The second approach is based on the strengthened international Group structure which we use as a platform to continually gain new customers. Our positioning as one of the leading demand creation companies in Europe and the range of related services provide the perfect starting point for our targeted growth. We were also able to further strengthen our positioning in this respect in the 2008 financial year.

Foreword

With this in mind, the current economic crisis provides interesting opportunities. We assume that the increased cost and margin pressure on both manufacturers and customers will drive a further trend towards outsourcing operations and procuring electronic components. Thanks to our technical expertise, pan-European presence and the ability to actively support our partners along the entire value chain, we believe that we are well equipped to tackle the challenges of the current market environment. Initial successes in the current 2009 financial year mean that we can look into the future with a positive mindset. The high levels of equity and liquidity resources also allow us flexible room for manoeuvre, both organically and acquisition based .



Giovanbattista Laghezza
Chief Executive Officer

Stefan Haas
Chief Financial Officer

UR provides complete solutions from a single source

UR Holding is one of Europe's leading demand creation companies. In contrast to competitors, the company's core business, aside from selling high-tech electronic components, includes a wealth of services dedicated to offering partners active support and consulting along the entire value chain. As a specialist in the heavily consulting-based high-end segment, the company is able to draw on far-reaching product and market insight, great technological know-how and over 20 years experience in the high-tech electronics industry. In contrast to conventional retail companies, UR is therefore able to offer complete solutions from a single source.

As a B2B partner, UR positions itself as a strategic link between manufacturers and customers.

Thanks to its positioning between manufacturers and customers, the company has vital market intelligence and is able to make the most of possible synergies. Partnerships with selected suppliers provide access to a diversified high quality product portfolio. As an integrated system partner, UR makes a decisive contribution to technical problem solving on the customer side and is able to integrate products from innovative and reliable providers into new developments for customers (demand creation). This allows UR to increase sales potential for its suppliers and at the same time realise highly complex technical improvements for customers. Together with the Supply Chain Management service unit and the technical design centre, UR is a one-stop shop for consulting, development, procurement, sales and logistics. The savings made in terms of costs and time therefore represent absolute added value for both manufacturers and customers.

Business model

Core competency "demand creation" offers access to new growth areas

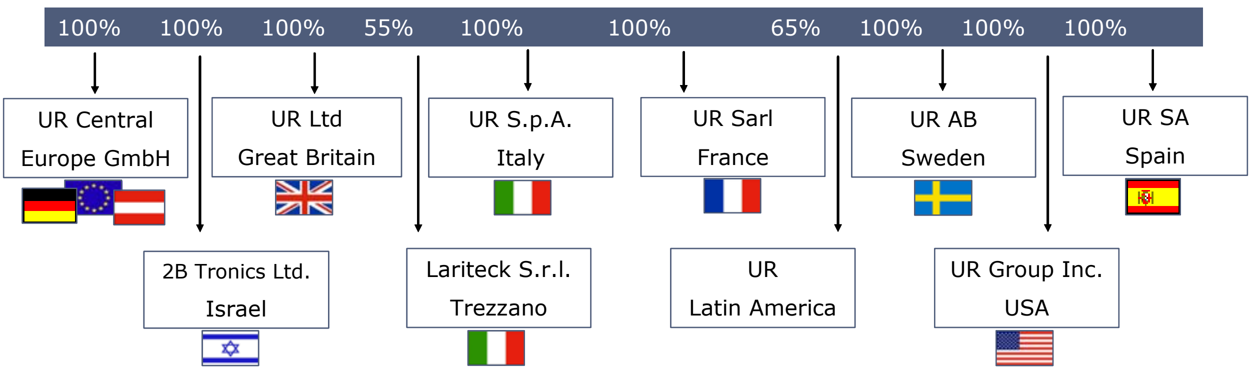
The years of successful cooperation with customers in UR's core area of "demand creation" has provided the company with access to new growth areas. UR uses the reputation it has built up to bolster the existing customer structure with additional services like supply chain management and sourcing. This concept is supported by new strategic projects which were already initiated in the 2008 financial year. These include pooling additional services: sourcing, procurement and supply chain management in one new service unit and broadening the customer base in promising sales areas. Suppliers not included in the UR demand creation supplier portfolio, but are attractive in terms of synergy potential, are instead being provided with a platform for presenting their products and services using UR structures. In addition, innovative technologies in the renewables and alternative energies sectors are increasingly becoming part of the Group's focus.

International Group structures – a platform for globally operating business customers

The UR approach is rounded out by the company's far-reaching pan-European presence. This allows UR to offer globally operating companies consistent levels of quality in products and services as well as the ability to react quickly at international sites. The subsidiaries operate largely on a self sufficient basis with a local management team, putting them in the position to flexibly react to specific market requirements. In addition to local support for existing customers, UR also uses this approach to tap new sales markets. In coordination with other services provided at the respective customer locations, this also allows UR to increase its growth potential. The pan-European set up therefore represents an important strategic pillar of the Group strategy.

In the 2008 financial year, the process of establishing the newly founded and acquired international subsidiaries was completed and the expansion strategy, which we have been consistently pursuing since the company's founding in 1996, was pushed forward. In addition, we merged the operating business units in Germany and Austria and in doing so increased cost cutting potential. The reorganisation of UR Central puts us in a position to manage company activities in Central Europe more efficiently.

Group structure



Expansion story

- 1996: Italy, Germany and Spain
- 1999: Great Britain
- 2000: France
- 2001: Sweden, Israel
- 2002: USA
- 2004: Greece
- 2006: Listing in the Entry Standard of the German Stock Exchange
- 2007: Austria, Latin America

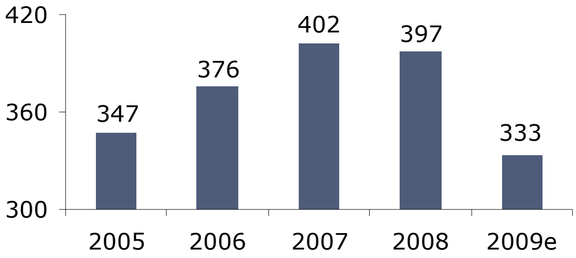
UR Locations

Market environment

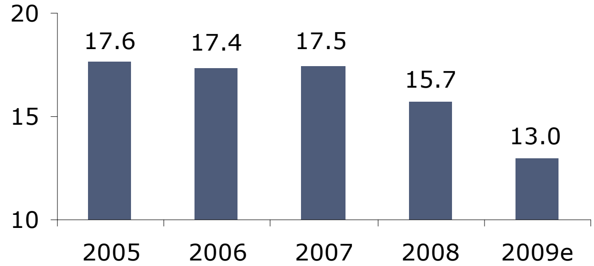
Sales of electronic components fall – international competition increases

According to the German Electrical and Electronic Manufacturers' Association (Zentralverband Elektrotechnik- und Elektronikindustrie, ZVEI), the worldwide market for electronic components recorded a moderate fall in sales of 1.5% for the 2008 financial year, recording a market volume of around US$397 billion. In 2007, sales growth of 5% was generated. Forecasts for the current 2009 financial year suggest a 16% decline in the world market to US$333 billion. This development can be attributed to the now worldwide recession, triggered by the global economic and financial crisis, and the consumer and investment hesitation it has caused. The negative trend in the previous year was sustained in the markets for electronic components in Europe, the Middle East and Africa (EMEA). They recorded a sales decrease of 8.7% to €47.3 billion in 2008 (sales drop in 2007: 4%). A further 15% fall in sales is anticipated for 2009, with sales of approx. €40 billion expected. The German market for electronic components declined by around 8% to €15.7 billion in the 2008 financial year (sales decline in 2007: 1.4%). The downturn in Germany is expected to intensify in the 2009 financial year according to the ZVEI forecast. A 16% fall in sales is anticipated for the current year, with sales of approx. €13 billion expected.

Revenues electronic Components worldwide (USD bn)



Revenues electronic Components Germany (EUR bn)



According to forecasts from ZVEI market experts, all areas of electronic components will experience a double digit sales decrease in the current financial year. A trend reversal is not expected before 2010. Across all areas anticipated total growth is around 5.5%, which would result in a worldwide market volume of US$351 billion.

The development in the electronics industry worldwide is dictated by so-called industrial electronics (components, information and communications technology, measuring technology, automotive electronics and medical technology) and their related services and software development. New technologies and markets (Latin America, Asia, Central and Eastern Europe) are important growth drivers. The increasing competition on the back of the international integration of world markets is also a driving force behind growth, raising the necessity to align company structures internationally.

Sources:
ZVEI, press release from 18 May 2009 - Elektronikindustrie aktuell
IKB, Elektronikindustrie 2008

Stock markets in the turmoil of the global financial and economic crisis

In the 2008 financial year, the impacts of the financial and banking crisis led to a considerable slowdown in the global economic situation. Strong falls in share prices on the world's stock markets were primarily caused by economic forecasts constantly being revised downwards coupled with deteriorating company news and profit prospects. Emerging fears of another global economic crisis like in 1929 accelerated the downturn and resulted in substantial price falls on nearly all stock exchanges worldwide. This downwards trend only started to reverse when the 2009 financial year was already well underway.

The German stock market was also unable to escape the negative effects. The most important German stock market barometer, the DAX, recorded a decrease in excess of 40% in 2008. It closed 3,257 points lower on the reporting date 30 December 2008, coming in at 4,810 points. The MDAX dropped from 9,864 points at the start of the year to 5,602 at the end of the reporting period, losing 43% or 4,082 points.
In Q1 2009, prices initially continued to fall. At certain points, the DAX and MDAX share indices dropped below the 4,000 and 5,000 point marks respectively, but were able to regain some momentum before the end of the year. On 29 May 2009, the DAX closed at 4,941 points, which represents an increase of 3% compared to the level at the start of the year. The MDAX was also able to gain around 3%, closing at the end of May on 5,745 points.

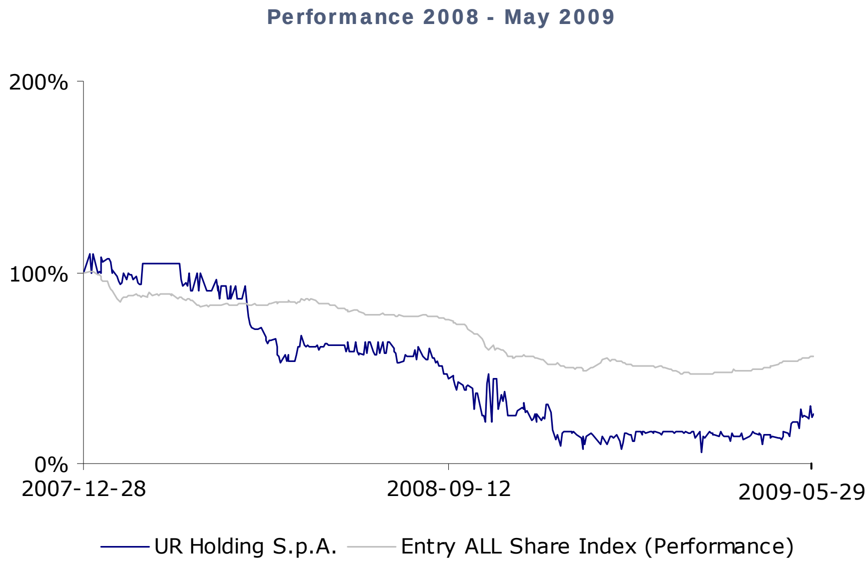
Small and mid caps were also put under increasing pressure in the 2008 financial year and some lost substantial ground. The Entry All Share Index launched into the 2008 trading year at 1,063 points and closed the reporting period down 45%, or 483 points, to 580 points. In the current financial year, the benchmark index for UR was able to gain 3%, trading at 595 points at the end of May 2009.

Master data UR share

German Securities ID:	AOLBEG
Trading exchanges:	Frankfurt, XETRA, Berlin/Bremen, Stuttgart
Market segment:	Open Market / Entry Standard of the Frankfurter Börse
Number of share:	7,386,730
Share price as of 2008-12-30:	EUR 0.20
Share price as of 2008-05-29:	EUR 0.36
Market capitalisation as of 2008-12-30:	EUR 1.5 million
Market capitalisation as of 2008-05-29:	EUR 2.7 million

Performance of UR share

In the 2008 financial year, UR shares recorded unsatisfactory development in an extremely volatile market environment. The share closed the reporting period at €0.20, down 87% compared to the start of to the start of the year (previous year: €1.40). Therefore the UR share, which is also listed in the Entry Standard segment of the German Stock Exchange, was also unable to escape the negative capital market trend in 2008. Market capitalisation was €1.48 million on 31 December 2008. After the end of the reporting period, the UR share was however able to set itself significantly apart from the benchmark index and leading indices, closing at the end of May 2009 with an increase of 80% to €0.36, with market capitalisation of €2.7 million.



Performance in percent

	2007-12-28	2008-12-30	Performance in 2008 in %	2009-05-29	Performance in 2009 in %
DAX	8,067	4,810	-40.37	4,941	2.72
MDAX	9,865	5,602	-43.21	5,745	2.55
Entry All Share	1,064	580	-45.44	596	2.70
UR Holding S.p.A.	1.40	0.20	-85.71	0.36	80.00

Director's Dealings

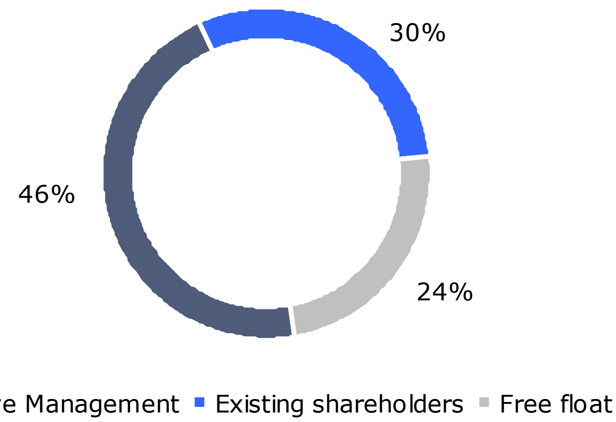
Material purchases of UR shares by UR Holding, the management or employees are published by the Group on a voluntary basis. The following share transactions were carried out between December 2007 and May 2009:

- Middle management and employees purchased 60,000 company shares
- UR Holding S.p.A. purchased 50,000 company shares

Shareholder structure

On the reporting date 31 December 2008, the shareholder structure of UR Holding broke down as follows:

Active management holds 46% of company shares, existing shareholders hold 30% and 24% of the shares are free float.



AGM

The AGM of UR Holding S.p.A. was held at the company headquarters in the Italian town of Trezzano sul Naviglio (Milan) in July 2008. Among other topics, the appointment of Stefan Haas to Group CFO was confirmed at the meeting. All other agenda points were also dealt with. This year's AGM will be held in July 2009 again at the company's headquarters in Italy.

Investor Relations

Investor relations – transparency driven by open and continuous communications measures

In the 2008 financial year, UR maintained its transparent information policy towards the capital market. It continued to keep stakeholders informed about current company developments and strategic targets and measures. Actions such as voluntarily publishing directors' dealings above and beyond the legal requirements of the Entry Standard, deliver on the public's demand for transparency.

Investors, financial journalists and other interested parties were also kept up to date with the latest company developments at capital market conferences and roadshows. In the reporting period, the company attended the Entry & General Standard Conference and the Small Cap Conference in Frankfurt am Main. In May 2009, after the reporting period, the specialist audience at the Entry & General Standard Conference was able to gain a personal insight into the latest developments.

Continuous and open dialogue with the capital market is an important aspect of our communications strategy and will represent a fixed element of our investor relations activities in the future. If you are interested in reading more about the company, you can find further information on our website (www.ur-home.com).

UR HOLDING S.p.A.

Registered office at No. 44, Viale Edison - Trezzano sul Naviglio
Fully paid-up share capital €1,846,683
Registered with the Milan Business Register
Tax Code 12867260155
Company Registration (Milan) No. 1593724

Directors' Report on the Consolidated Financial Statement at 31/12/2008

All figures are expressed in thousands of euros

In the accounting period that came to a close on December 2008, UR Holding Group recorded a consolidated loss of €155,000. €129,000 of this loss was attributable to the Group and the remaining €26,000 to third parties, net of amortisation of €482,000 and current income tax of €277,000. The result was also influenced by the positive effect of pre-paid taxes of €47,000.

Information on the Group and its activities

UR Holding S.p.A., the parent company, controls the following companies within the scope of the consolidation:

Name	City or Foreign Country	Currency	Share capital	% owned by the	% owned by third parties
UR GmbH	Germany	Euro	275,000	100	-
UR Sa	Spain	Euro	77,018	100	-
UR Ltd	United Kingdom	Sterling	104,987	100	-
UR Sarl	France	Euro	200,000	100	-
UR Ltd	Israel	Shekel	87,658	100	-
UR AB	Sweden	Corona	80,253	100	-
UR GmbH	Austria	Euro	100,000	100	-
UR Latam	Chile	Chilean Peso	40,311	65	35
2B Tronics	Israel	Shekel	-	100	-
Laritec S.r.l.	Trezzano sul Naviglio	Euro	91,800	55	45

To facilitate comprehension, the share capital amounts of the companies are expressed in euros in the table shown above.

In addition, UR Holding S.p.A. owns 30% of Fabteck S.r.l. (a company with its headquarters in Castelraimondo (MC)) and 10% of SpirIT&ECommerce S.r.l. (a company with its headquarters in Trezzano sul Naviglio (MI)), which it acquired during the 2008 tax year. Neither company is within the scope of the consolidation.

The Group is engaged in the marketing of electronic components for telecommunications, and – purely through its subsidiary, Lariteck S.r.l. – in the design and manufacture of electrical and electronic equipment intended for use in the telecommunications industry.

The Group was established in Italy in the 1980s, and has since expanded into other European markets, as well as Israel and – during the previous tax year – the South American market.

In the companies that UR Group does not own outright (UR Latam - Chile and Lariteck S.r.l.), the majority share is nevertheless held by UR Holding S.p.A., whereas the minority share is held by the local management.

The scope of the consolidation did not undergo variations with respect to the previous accounting period. During the course of the accounting period, the Group acquired full control of UR Ltd (Israel); previously, the quota of ownership had been 80% of the share capital. There were no other changes in terms of UR Group's ownership of shares in the other subsidiaries.

Operating conditions, progress of business and general economic development

Macroeconomic analysis and global context

The current situation is characterised by the worst economic and financial crisis of the post-war period, which has led to a serious, worldwide recession involving all the economies around the globe.

In 2008, the strains on the financial market – which began to appear in the US in August 2007 with the sub-prime mortgage crisis – gradually extended across every continent, impacting heavily on stock exchanges around the world in September, in the wake of the collapse of a major US-based business bank, before going on to affect the real economy.

The strains on the banking system generated the so-called credit crunch, which led to a decline in confidence and a slump in share prices.

Towards the end of 2008, the international economic situation worsened yet further due to the poor performance of the manufacturing sector, where output fell month after month. The service sector performed slightly better, but remained very weak compared to the position it had been in before the crisis.

The Italian economy continued to slow, and did so at a rate higher than expected – this was due, at least in part, to the worldwide macroeconomic situation. According to figures issued by ISTAT, in 2008 Italy's Gross Domestic Product (GDP) decreased by 1%, falling particularly sharply in the fourth quarter (-1.9% on the previous quarter and -2.9% on the fourth quarter of 2007).

The public finances show that the net deficit in 2008 amounted to 2.1%, the lowest figure since 2000, with fiscal pressure remaining at 43.3% of GDP.

Employment in the private sector fell again during the fourth quarter of 2008 compared to the fourth quarter of 2007, with unemployment rising from 6.6% to 7.1%.

The outlook for 2009 is far from comforting: analysts' forecasts are negative, with fears of a major slowdown in Europe and a recession in the United States. Unfortunately, on the financial front, expectations are even lower.

Results of the Group's operations

The negative economic backdrop described in the previous section influenced the results of the company's operations, which were particularly compromised by the fact that the downturn in the telecommunications products sector continued throughout 2008.

One of the reasons for this downturn is the fact that the crisis in the consumer market – in which UR does not operate – caused problems for the entire production and marketing chain upstream of the consumer segment. Accordingly, the multinational companies that are the leading names in the industry lowered their budgets and cut down on the quantitative marketing of their products. In addition, technological innovation was also affected by the general economic problems, with numerous new projects and new business start-ups being put on hold. Amongst all of the doom and gloom, there is one positive note that gives us hope for the future: the crisis has led to the reorganisation of the distribution and marketing networks of the companies that we represent, which are now tending more towards outsourcing and towards the abandonment of minor markets, resulting in a reduction of the number of links in the distribution chain and a concentration of the chain on businesses of the scale of UR.

The income statement shows that consolidated income fell from €46,426,000 in 2007 to €32,049,000 in 2008 – a drop of €14,377,000, equating to 31%. The reasons for this downturn lie in the crisis affecting the sector in which the Group operates – across all of the international markets where it has a presence – and also in the challenging global economic situation. Despite the marked reduction in turnover, the Group succeeded in ensuring that profit levels did not fall quite so sharply. Indeed, thanks to careful cost control, the loss before tax made in 2008 amounted to €75,000, compared to the loss of €247,000 made in 2007.

Structural costs were reduced. The costs of services and use of third-party assets fell from €4,396,000 in 2007 to €4,106,000 in 2008 – this was due both to the drop in turnover and to the cost-containment policy adopted by the Group.

Personnel costs were also lower, falling from €5,011,000 in 2007 to €4,835,000 in 2008.

The variation of income and expenses on exchange rates was considerably reduced, falling from -€439,000 in 2007 to -€88,000 in 2008. This positive variation was the result of the stabilisation of the euro/dollar exchange rate parity.

Capital structure

The Group's capital structure is shown in the reclassified balance sheet (below).

Reclassified balance sheet

All values are expressed in thousands of euros.

Assets	**2008-12-31 EUR 000**	2007-12-31 EUR 000	Variance EUR 000	%
Current Assets	**15,100**	**15,504**	**-404**	**-3**
Liquidity	2,386	4,118	-1,732	-42
Short-term securities				
Accounts receivable	8,370	8,119	251	3
Final inventories	4,344	3,267	1,077	33
Fixed assets	**2,565**	**2,995**	**-430**	**-14**
Intangible fixed assets	153	372	-219	-59
Tangible fixed assets	2,282	2,424	-142	-6
Financial fixed assets	130	199	-69	-35
Invested capital	**17,665**	**18,499**	**-834**	**-5**

Liabilities	**2008-12-31 EUR 000**	2007-12-31 EUR 000	Variance EUR 000	%
Short-term indebtness	8,713	8,975	-262	-2.92
Medium/Long-term indeptness	2,775	2,876	0	0.00
Shareholders' equity	6,177	6,648	-471	-7.08
Sources of invested capital	**17,665**	**18,499**	**-834**	**-4.51**

The receivables were constituted by €7.04 million of trade receivables and by other receivables amounting to €1.33 million (of which €0.24 million was for pre-paid taxes). The inventory of €4.34 million was €1 million higher than in 2007.

The short-term payables were constituted by an overdraft of €1.8 million, trade payables of around €5.2 million, payables to associated companies of €27,000 and other payables amounting to €1,69 million, including tax and social-security payables of €0.65 million. Compared to the previous tax year, the short-term payables decreased by around €260,000.

The mid/long-term payables were constituted by debts to banks of around €1.46 million (made up of a mortgage taken out by the German subsidiary for the purchase of a facility, and of other debts of around €0.30 million), as well as by allowances for contingencies, severance indemnities and retirement bonuses, amounting to a total of €1.02 million.

The company's reclassified balance sheet highlights the solidity of the company's assets, and this is indicative of its capacity to maintain its financial equilibrium over the medium and long terms.

To describe the company's asset solidity in more detail, the table below shows a number of indicators on:

- The primary structural margin, meaning the difference between equity and fixed assets
- The secondary structural margin, meaning the difference between equity + consolidated liabilities and fixed assets

	2008-12-31 EUR 000	2007-12-31 EUR 000
Structural margin	**3,612**	3,653
Treasury margin	**6,387**	6,529

It should be noted that the variation in the two margins was minimal over the course of the two years in question. The figures are expressed in thousands of euros.

Financial management

To describe the company's financial situation in more detail, the table below compares a number of indicators for the two periods.

	2008-12-31 EUR 000	2007-12-31 EUR 000
Primary liquidity	**1.23**	1.36
Secondary liquidity	**1.73**	1.73

The index of primary liquidity (defined as the ratio between liquidity – short-term receivables, on the one hand, and short-term payables, on the other), was 1.23, as against the 1.36 figure for 2007. The index of secondary liquidity (defined as the ratio between short-term assets and short-term liabilities) remained unchanged at 1.73. As such, the net figure for working capital was sufficient in relation to the amount of current debt. Moreover, the company's financial position has since continued to improve.

Economic situation

The Group's economic situation is highlighted in the reclassified income statement (shown below), which includes comparable figures from the previous tax year. Values are expressed in thousands of euros.

Profit and Loss statement	**2008**	2007	Variance	
	EUR 000	EUR 000	EUR 000	%
Value of production	**32,049**	**46,426**	**-14,377**	**-31**
Consumption of products and materials purchased	-21,327	-35,870	14,543	-41
Costs for services and leased assets	-4,106	-4,396	290	-7
Added Value	**6,616**	**6,160**	**456**	**7**
Cost of Labour	-4,835	-5,011	176	-4
Gross Operating Margin	**1,781**	**1,149**	**632**	**55**
Other allowances	-24	-98	74	-76
Other operating charges	-798	-145	-653	450
Tangible and intangible amortisation	-428	-503	75	-15
Statutory operating income	**477**	**403**	**74**	**18**
Financial proceeds	47	86	-39	-45
Financial charges	-291	-348	57	-16
Profit (Loss) on exchange rates	-88	-439	351	-80
Write-down of investments	--	--	81	n.a.
Other extraordinary proceeds and charges	-70	51	-121	n.a.
Income before taxes	**75**	**-247**	**322**	**n.a.**
Income tax	-230	-154	-76	49
Net result	**-155**	**-401**	**246**	**n.a.**

€129,000 of the net loss of €155,000 was attributable to the Group, with the remainder (€26,000) being attributable to third parties. This third-party figure refers to the loss made by the subsidiary UR Latam – Chile and to the profit made by Lariteck S.r.l., neither of which is wholly owned by UR.

Revenue

Revenue in 2008 amounted to €32,049,000, as against the €46,426,000 figure for 2007 (a drop of 31%). The revenue was split as follows:

Category	2008 EUR 000	2007 EUR 000	Variance EUR 000	 %
Sales and services	31,878	46,195	-14,317	-31
Other revenues and income	171	231	-60	-26
	32,049	**46,426**	**-14,377**	**-31**

Costs

The main costs to which the Group was subject during the accounting period were as follows:

Description	2008 EUR 000	2007 EUR 000	Veränderung EUR 000	 %
Cost of raw materials	22,621	35,198	-12577	-36
Cost of labour	4,853	5,011	-158	-3.2
Cost of services	3,565	3,752	-187	-5
Cost of using third-party assets	541	644	-103	-16
Amortization, provisions and write-downs	506	601	-95	-16
Other operating costs	798	145	653	450
Financial costs	291	348	-57	-16

The increase in other management costs was due mainly to non-repetitive costs incurred by the subsidiary 2Btronics (Israel) relating to the acquisition of the company.

In order to describe the Group's financial situation in more detail, the table below shows a number of indices of profitability for 2008 and 2007.

	2008-12-31	2007-12-31
Net Return on Equity (ROE)	-2,51%	-6.03%
Gross Return on Equity (ROE)	1.21%	-3.72%
Return on Sales (ROS)	1.49%	-0.86%

Compared to 2007, only the net ROE remained negative in 2008, with the other indices returning to the black.

Information on the environment and personnel

Taking account of the social role of the company, as highlighted in the management report issued by the National Council of Consultants and Accountants, the following information is provided on the environment and personnel.

Personnel

During the accounting period, none of the registered personnel died while at work, nor were there any serious accidents causing harm to any of the registered personnel.

No cases of bullying were recorded during the accounting period and no liabilities were accrued in relation to work-related illnesses on the part of employees or former employees for which the company was held definitively responsible.

Environment

During the accounting period, no damage was caused to the environment for which the companies in the Group were held definitively responsible. No sanctions or definitive penalties were imposed for environmental crimes or damage. No investments were necessary on environmental matters.

Investments

During the accounting period, the following investments were made:

- purchase by the parent company of a car at a cost of €37,000
- purchases of equipment by the UK subsidiary at a cost of €57,000 following the move to a new, larger facility and the upgrading of the IT system
- purchases of computers and furnishings by the Austrian subsidiary at a cost of €26,000 following the move to a new facility and new warehousing areas.

Given the relatively small scale of the investments, it was not necessary to have recourse to special forms of financing.

At present, no significant investments are planned for the 2009 accounting period.

Research and Development

The Group did not engage in any research and development activities during the course of the 2008 accounting period.

Significant events occurring after the end of the accounting period

No significant events occurred after the end of the accounting period.

Operational Outlook

The figures for the first quarter of 2009 indicate that turnover has increased considerably, coming close to the levels of 2007. As such, the outlook is positive.

Treasury shares and shares/quotas of parent companies

Following the decision taken by the Ordinary Assembly on 21 December 2007, the parent company acquired 50,000 treasury shares at an average unit price of €1.5098. In compliance with the applicable legislation, the percentage was within the limit set out by Articles 2357 and 2357 ii) of the Italian Civil Code, and a restricted reserve of the same amount was included in the net equity, as per the terms of Article 2357 iii) of the Italian Civil Code.

Information on risk and uncertainty as per the terms of Point 6 ii), Paragraph 2, Article 2428 of the Italian Civil Code

In accordance with the terms of Point 6 ii), Paragraph 2 of Article 2428 of the Italian Civil Code, it is hereby noted that the company did not enter into derivative contracts, and was not subject to exchange-rate or interest risks that would be managed by such contracts.

It must be assumed that the financial assets of the company, constituted mostly by trade receivables, are of good quality in that there are no receivables for which difficulties in collection are envisaged.

In addition, it is hereby noted that:

- the Group did not possess financial assets (other than the liquidity in its current accounts) for which there was a liquid market
- there were lines of credit to meet the liquidity needs, but these were utilised only partially
- the Group did not have financial assets for which a liquid market did not exist
- apart from the liquidity in its current accounts, the Group did not possess other deposits at banks to satisfy its requirements for liquidity
- the sources of financing were structured as risk capital granted by the shareholders, financing supplied by the shareholders and partially utilised lines of credit
- there were no significant concentrations of liquidity risk, either in relation to the financial assets or in relation to the sources of financing.

The Chair of the Board of Directors
Giovanbattista Laghezza

Pursuant to article art.2409-ter of the Italian Civil Code

(Translation from the original Italian text)

To the Shareholders of Ur Holding S.p.A.

1. We have audited the consolidated financial statements of UR Holding S.p.A. as of and for the year ended December 31,2008. The preparation of these financial statements in compliance with the Italian regulations governing financial statements is the responsibility of UR Holding S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards generally accepted in Italy. In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated April 11,2008.

3. In our opinion, the consolidated financial statements of Ur Holding S.p.A. at December 31,2008 have been prepared in accordance with the Italian regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position of the UR Holding Group as of December 31,2008, and the results of its operations for the year then ended.

4. The management of Ur Holding S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 2409-ter, paragraph 2, letter e), of the Italian Civil Code. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC). In our opinion the Report on Operations is consistent with the consolidated financial statements of Ur Holding S.p.A. as of December 31,2008.

Milan, June 12, 2009
Reconta Ernst & Young S.p.A.
signed by: Marco Scampini, partner

Disclaimer

This annual report contains forward-looking statements that reflect the current opinions of the management of UR Holding S.p.A. regarding future events. Such forward-looking statements include all statements in this report that express or are based on intentions, assumptions, expectations or predictions made by the Company. These statements are based on the plans, estimates and forecasts currently available to the management of UR Holding S.p.A., and hence refer only to the date on which they are made.

Forward-looking statements are inherently subject to risks and uncertainties that could cause actual developments to differ materially from such forward-looking statements or the results they imply. UR Holding S.p.A. assumes no obligation to update such statements to reflect new information or future events, nor does it intend to provide such updates.

This Report is not an offer to sell according to § 2 Abs. 4 WpPG or the solicitation of an offer to buy any securities. In case of inconsistencies, the German-language version of the Notes shall be decisive.

The English version of the annual report 2008 and the consolidated financial statement of the UR Holding S.p.A. is a one-to-one translation of the audited Italian consolidated financial statement. The English version is not audited.

UR Holding S.p.A.

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