



## Three months' statement 2005

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## Consolidated Balance Sheet

### ASSETS

	Note	31.03. 2005 EUR	31.12. 2004 TEUR
I. Intangible assets	2.1.	4,532,617.28	4,554
II. Tangible assets	2.2.	16,098,096.14	16,229
III. Financial assets		35,224.25	35
<b>FIXED ASSETS</b>		<b>20,665,937.67</b>	<b>20,818</b>
I. Inventories	2.3.	14,605,221.79	13,712
II. Receivables and other current assets	2.4.		
1. Trade receivables		14,181,753.56	12,863
2. Other current assets		463,385.94	620
		14,645,139.50	13,483
III. Cheques, cash, deposits with commercial banks	2.5.	871,136.05	1,374
<b>CURRENT ASSETS</b>		<b>30,121,497.34</b>	<b>28,569</b>
<b>PREPAID EXPENSES</b>	2.7.	<b>416,829.14</b>	<b>436</b>
<b>ACCRUED AND DEFERRED TAXES</b>	2.6.	<b>3,561,309.75</b>	<b>3,678</b>
		<b>54,765,573.90</b>	<b>53,501</b>

LIABILITIES

	Note	31.03. 2005 EUR	31.12. 2004 TEUR
I. Share capital		7,700,000.00	7,700
II. Capital reserve		770,000.00	770
III. Other earnings reserves		40,487.81	40
IV. Consolidated net earnings / loss	2.8.	-104,304.56	0
<b>SHAREHOLDERS' EQUITY</b>		<b>8,406,183.25</b>	<b>8,510</b>
1. Accruals for pensions and similar obligations		3,624,362.40	3,520
2. Accruals for taxes		271,818.00	272
3. Other accruals		850,561.27	683
<b>ACCRUALS</b>	2.9.	<b>4,746,741.67</b>	<b>4,475</b>
1. Amounts due to banks		26,096,366.13	27,597
2. Advance payments received		179,352.08	238
3. Trade payables		11,285,445.40	8,841
4. Notes payable		378,300.00	0
5. Other liabilities		3,673,185.37	3,840
<b>LIABILITIES</b>	2.10.	<b>41,612,648.98</b>	<b>40,516</b>
		<b>54,765,573.90</b>	<b>53,501</b>

## Consolidated Statement of Earnings

	Note	01.01.-31.03. 2005 EUR	01.01.-31.03. 2004 TEUR
1. Sales	3.1.	19,666,119.14	20,136
2. Other operating income		436,119.99	351
3. Materials		-14,963,842.00	-15,186
4. Personnel costs		-2,280,219.01	-2,165
5. Depreciation and amortization	5.	-169,335.39	-155
6. Other operating expenses		-2,157,547.07	-2,173
7. Financial result		-512,098.38	-619
8. Result of ordinary operations		19,197.28	189
9. Taxes on income		-115,227.84	-153
10. Other taxes		-8,274.00	-9
11. Consolidated net income/loss for the year		-104,304.56	27
12. Profit/loss carried forward		0.00	-18,114
13. Consolidated net profit/loss		-104,304.56	-18,087

## Consolidated Capital Finance Account

	31.03.2005 TEUR	31.03.2004 TEUR
I. Operating activities		
1. Earnings before cash interest payments, interest income, taxes on income and extraordinary earnings	406	690
2. Depreciation on (+) / additions to (-) fixed assets	169	155
3. Increase (+) / decrease (-) in accruals	442	236
4. Non-cash expenditure and income		
a) from deferred taxes	117	109
b) other non-cash expenditure and income	-1	3
Cash flow of the year as DVFA / SG	1,133	1,193
5. Increase (-) / decrease (+) in inventories, trade receivables and other assets not included in Investment Activities or Financing Activities	-2,205	-1,610
6. Increase (+) / decrease (-) in trade payables and other liabilities not included in Investment Activities or Financing Activities	2,218	1,149
7. Cash from:		
a) Interest payments (+) / (-)	-512	-619
b) Taxes (+) / (-)	2	-44
Cash flow from operating activities	636	69
II. Investment activities		
1. Expenditure on investment in tangible assets	-15	-84
2. Expenditure on investment in intangible assets	-2	0
3. Income from disposal of financial assets	0	3
Cash flow from investment activities	-17	-81
III. Financing activities		
1. Income from bond issues and (financial) loans and notes payable	378	227
2. Expenditure on capital repayments on outstanding bond issues, (financial) loans and notes payable	-1,500	-603
Cash flow from financing activities	-1,122	-376
Change in liquid funds	-503	-388
Funds at start of period	1,374	1,044
Funds at end of period	871	656

## Statement of Changes to Shareholders' Equity

	Share capital TEUR	Capital reserves TEUR	Revenue reserves* TEUR	Retained earnings brought forward TEUR	Net income TEUR	Total shareholders' equity TEUR
<b>Shareholders' equity as at December 31, 2003</b>	7,700	10,226	8,177	-17,048	-952	8,103
Transfer to earnings reserves from 2003 net income			174		-174	
Transfer to retained earnings brought forward from 2003 net income				-1,126	1,126	
Profit January 1, to March 31, 2004					27	
Profit distribution to the parent company			-60	60		
<b>Shareholders' equity as at March 31, 2004</b>	7,700	10,226	8,291	-18,114	27	8,130
<b>Shareholders' equity as at December 31, 2004 before retransfer of reserves</b>	7,700	10,226	7,965	-18,024	643	8,510
Retransfer of Capital reserve		-9,456		10,469	-1,013	
Retransfer of Other earnings reserves			-7,925	7,555	370	
<b>Shareholders' equity as at December 31, 2004</b>	7,700	770	40	0	0	8,510
Profit January 1, to March 31, 2005					-104	
<b>Shareholders' equity as at March 31, 2005</b>	7,700	770	40	0	-104	8,406
* Currency translation differences incurred in previous years have been offset against revenue reserves						

## Consolidated Notes

### 1. General information about the consolidated financial statements

#### 1.1. Principles

The consolidated financial statements of Brüder Mannesmann Aktiengesellschaft for the first quarter of the financial year 2005 were prepared in accordance with the standards of the International Accounting Standards Board (IASB) that applied as at the balance sheet date, taking into account the interpretation of the International Financial Reporting Interpretations Committee (IFRIC).

The consolidation principles and the accounting and valuation methods are in line with those applied to the annual financial statements. For more information we refer to the financial statements as of December 31, 2004.

#### 1.2. Companies included in consolidation

The companies included in consolidation are the same as of December 31, 2004. In addition to the parent company, Brüder Mannesmann Aktiengesellschaft, the consolidated financial statements include a total of seven domestic subsidiaries and one foreign subsidiary.

The complete list of Brüder Mannesmann Aktiengesellschaft Group's shareholdings has been filed in the Wuppertal Commercial Register.

### 2. Notes to the consolidated balance sheet

#### 2.1. Intangible assets

Intangible assets of TEUR 4,533 include TEUR 3,845 for goodwill from capital consolidation.

Additions in the first quarter of financial year 2005 amounted to TEUR 2 and amortization to TEUR 23.

#### 2.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 15. Depreciation amount to TEUR 146 in the first quarter of the financial year 2005.

The land and buildings owned by the Brüder Mannesmann Group but used by third parties are shown by the net book value. (IAS 40).

#### 2.3. Inventories

The Brüder Mannesmann Group inventories amounting to TEUR 14,605 consist exclusively of merchandise.

#### **2.4. Receivables and other current assets**

The receivables and other current assets have got due within 1 year.

In accordance with IAS 39.109, global valuation allowances on trade receivables are not taken into account.

#### **2.5. Cash and cash equivalents**

The Company's cash and cash equivalents comprise cash in hand, cheques and bank deposits.

#### **2.6. Deferred taxes**

The deferred tax assets reported primarily include recoverable taxes from tax loss carryforwards (IAS 12). This was based on a tax rate of 40 %. Deferred taxes in the amount of TEUR 6,749 were appropriated to retained earnings as per the status of the tax loss carryforwards on January 1, 2001 without impacting income and were reversed in line with the development of net profit/loss for the period.

Accumulated deferred taxes from previous years result in a deferred tax expense of TEUR 3,098.

During the reporting period deferred taxes from tax loss carryforwards of TEUR 117 were written down. The deferred tax expense in accordance with IAS thus increased by this amount.

This line item also includes deferred taxes from the elimination of interim profits.

#### **2.7. Prepaid expenses**

The amount reported is mainly due to the financial restructuring of a subsidiary's land holdings. In this respect, forfeited rent payments have been repaid.

The fees incurred as a result of the repayment of previous financing are deferred in line with IAS and reversed over the term of the rental agreements using the diminishing balance method. As a result, the IAS consolidated profit for the period is TEUR 28 lower than in the annual financial statements prepared in accordance with German commercial law.

#### **2.8. Unappropriated surplus / net accumulated losses**

The Group's unappropriated surplus/net accumulated losses are derived from the statement of earnings.

Changes in equity are shown in the statement of changes in equity.

#### **2.9. Accruals**

The actuarial valuation of accruals for pensions was carried out using the projected unit credit method in accordance with IAS 19 (Employee Benefits) for the first time on December 31, 2001 and January 1, 2002, taking future developments into account. In line with IAS 19.155, deviations from the values stipulated by German commercial law are distributed over five years.



A discount rates of 5.30% was applied. Future annual salary increases were fixed at 2% and pensions at 1.5%.

In the reporting period, this results in an additional expenses of TEUR 98 compared with the interim financial statements prepared in line with the German Commercial Code (HGB). This comprises the difference between HGB and IAS initial values in the amount of TEUR 48 and the estimated annual retirement benefit cost of TEUR 50.

The other accruals essentially include provisions for contingent liabilities, holiday allowances, third-party warranty claims, taxes and other personnel costs.

#### **2.10. Liabilities**

The residual terms of liabilities have developed as follows compared to the annual financial statements:

The short-term liabilities with a remaining term of up to one year increased by TEUR 1,214.

Liabilities with a remaining term of one to five years increased by TEUR 63.

The long-term liabilities with a remaining term of more than five years decreased by TEUR 181.

### **3. Notes to the consolidated statement of earnings**

#### **3.1. Sales**

The general principles of earnings from transactions apply to sales.

Please refer to the segment reporting section (5) for the breakdown of sales by division and region.

#### **3.2. Earnings per share**

In accordance with IAS 33, undiluted earnings per share for the reporting period amount EUR –0.03 (previous year: EUR 0.01)

Since Brüder Mannesmann Aktiengesellschaft did not issue any ordinary shares with dilutive potential, diluted earnings and undiluted earnings are the same.

### **4. Other information**

The contingent liabilities amount to TEUR 2,298. In comparison with the financial statements 2004 they reduced by TEUR 145.

## 5. Segment reporting

In accordance with the provisions of IAS 14 (Segment Reporting), a breakdown of individual data from the annual financial statements by the tools, valves and land holdings business areas is presented below.

The segment reporting breakdown reflects the internal reporting structure.

Transactions between segments took place under standard market conditions.

Segment reporting						
	Tools*	Valves	Land Holdings	Tools*	Valves	Land Holdings
	31.03.2005	31.03.2005	31.03.2005	31.03.2004	31.03.2004	31.03.2004
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sales	14,925	4,542	199	14,137	5,800	199
Domestic	9,824	4,387	199	7,841	5,552	199
Foreign	5,101	155	0	6,296	248	0
Segment result before profit distribution	147*	-258	7	112*	-62	-23
Segment assets	30,573	6,233	13,866	30,917	6,789	14,187
Segment liabilities	14,594	3,192	256	12,460	3,700	346
Investment in non-current assets	17	0	0	37	4	43
Depreciation and amortisation	-73	-25	-71	-58	-27	-70
Annual average number of employees (excluding trainees and apprentices)	81	54	0	81	51	0

\*In addition to the tools division, the tools segment includes Brüder Mannesmann AG as well as IAS-related expense entries of TEUR 247 (previous year TEUR 225).

## 6. Other information

The composition of the Board of Directors and Supervisory Board did not change compared to that as of December 31, 2004.

## 7. List of shareholdings

Fully-consolidated subsidiaries		%		
Brüder Mannesmann Werkzeuge GmbH, Remscheid	100	Corneta Export GmbH, Remscheid		100
Brüder Mannesmann Nederland B.V., Doetinchem/Netherlands	100	Schwietzke Armaturen GmbH, Bottrop		100
CoCaCo Trading GmbH, Remscheid	100	CEA Chemie- und Energie-Armaturen GmbH, Ludwigshafen		100
Fernando Esser & Cia. GmbH, Remscheid	100	Brüder Mannesmann Grundbesitz GmbH, Remscheid		100

Remscheid, May 2005

Brüder Mannesmann Aktiengesellschaft, Board of Management



Jürgen Schafstein



Bernd Schafstein



Frank Schafstein