



Six months' statement 2008

Table of Contents

Group interim management report	2
Consolidated Balance Sheet	4
Consolidated Statement of Earnings	6
Consolidated Capital Finance Account	7
Statement of Changes to Shareholders' Equity	8
Consolidated Notes	10

Group interim management report

Brüder Mannesmann Aktiengesellschaft is a holding company for its operating subsidiaries. The holding combines two independently operating divisions, "Tool Trade" and "Valve Trade", under a single umbrella. The subsidiary Brüder Mannesmann Grundbesitz GmbH acts solely as a leasing company for property and is not involved in market operations. These properties are industrial and office property which has been held decades and which is mostly still used for the company's own business operations.

Tools Trading

In the first half 2008, the Tools Trading division generated sales of € 23.2 million after € 34.8 million in the same period of the previous year. The decline mainly took place within Germany, particularly in the markets and purchasing associations customer segment. As anticipated, the extraordinarily high sales of the first half of 2007 were not repeated. In contrast, international business posted a relatively good performance compared to domestic business, though the business volume here was also down from € 15.6 million to € 12.6 million. As a result, the total share of international sales for Tools Trading rose from 44.6 % to 54.3 %.

Valves Trading

After sales of € 13.2 million in the first half of 2007, the Valves Trading division saw an increase of almost 31.0 % to € 17.3 million in the first half of 2008. Thus, the already positive development of the previous year was continued and intensified.

Group business performance

In the first half of 2008, consolidated sales were maintained at a pleasing level of € 40.9 million after € 48.5 million. More than a third of the drop in the Tools Trading division was offset by the strong surge in Valves Trading.

Earnings development was encouraging. EBIT amounted to € 2.1 million in the first half of 2008, already reaching 58.6 % of the total value for 2007. The EBIT margin rose from around 4.3 % in the first quarter of 2008 to almost 6.0 % in the second quarter 2008. Overall, the EBIT margin was up to almost 5.1 % in the first half of 2008 after nearly 3.0 % in the first half of 2007.

Outlook

Based on the performance in the first half of 2008 it will probably no longer be possible to match the consolidated sales of the 2007 financial year in 2008 as a whole. However, we are anticipating consolidation in the Tools Trading division in the next two quarters, which may make it possible to repeat the sales of the first half of 2008. The highly positive trend in Valves Trading is expected to continue.

There are still risks in the price development of raw materials and energy, which could lead to further consumer uncertainty. The price increases may even lead to a real loss of purchasing power for consumers, which means there will be a lack of essential growth stimulus.

Remscheid, August 2008
Brüder Mannesmann Aktiengesellschaft,
The Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein

Consolidated Balance Sheet

Assets in TEUR	Notes	30.06.2008	31.12.2007
Non-current assets			
Goodwill		3,845	3,845
Other intangible assets	3.1.	548	638
Property, plant and equipment	3.2.	7,080	7,189
Investment property		8,377	8,377
Financial assets		636	636
Deferred tax assets	3.3.	2,269	2,599
Other assets		126	142
		22,881	23,426
Current assets			
Inventories		16,496	14,641
Trade receivables		12,531	10,808
Other receivables and other assets		1,524	1,791
Assets for current tax		270	420
Investments	3.4.	2,792	3,792
Cash and cash equivalents		13,542	8,209
		47,155	39,661
Balance sheet total		70,036	63,087

Liabilities in TEUR	Notes	30.06.2008	31.12.2007
Equity	3.5		
Share capital		9,000	9,000
Reserves		770	770
Accumulated losses brought forward		-1,063	-1,188
Net consolidated income		267	125
		8,974	8,707
Non-current liabilities			
Mezzanine subordinate loans		16,998	16,949
Provisions for pensions and similar liabilities		8,619	8,320
Financial liabilities		14,801	15,233
Other liabilities		803	803
Deferred tax liabilities		661	639
		41,882	41,944
Current liabilities			
Other provisions		1,286	1,527
Financial liabilities		4,615	3,797
Trade liabilities		9,468	5,035
Other liabilities		3,811	2,065
Current income tax liabilities		0	12
		19,180	12,436
Balance sheet total		70,036	63,087

Consolidated Statement of Earnings

in TEUR	Notes	01.04.-30.06.2008	01.04.-30.06.2007	01.01.-30.06.2008	01.01.-30.06.2007
Sales revenue	4.1.	18,945	21,824	40,855	48,452
Other operating income		151	153	228	230
Costs of materials		-13,939	-16,412	-30,573	-37,059
Staffing costs		-2,105	-2,338	-4,097	-4,562
Other operating expenses		-1,835	-2,263	-4,138	-5,400
EBITDA		1,217	964	2,275	1,661
Amortisation and depreciation of intangible assets and property, plant and equipment		-85	-114	-208	-228
EBIT (operating result)		1,132	850	2,067	1,433
Financial earnings		-763	-619	-1,348	-1,176
Earnings before tax		369	231	719	257
Income taxes	4.2.	-270	-191	-452	-214
Net consolidated income		99	40	267	43
Earnings per share (undiluted) in EUR	4.3.	0.03	0.01	0.09	0.01
Earnings per share (diluted) in EUR	4.3.	0.03	0.01	0.09	0.01

Consolidated Capital Finance Account

in TEUR		30.06.2008	30.06.2007
EBIT		2,067	1,433
Depreciation on noncurrent assets		208	228
Gains on disposal on noncurrent assets		0	-6
Change of noncurrent provisions and other noncurrent liabilities		299	362
Other non-cash income and expenses		61	46
Interest payments		-289	-132
Income tax payments		-100	-91
Cash inflows / outflows from operating activities before change in current net assets		2,246	1,840
Change of current assets / liabilities			
Inventories		-1,855	1,046
Trade receivables		-1,723	-5,649
Other receivables and other assets		417	-591
Financial liabilities		807	1,022
Trade liabilities		4,433	4,274
Other liabilities and other items		1,494	1,004
Inflows / outflows from operating activities		5,819	2,946
Inflows from disposal of noncurrent assets		46	23
Outflow for investment properties		-52	-95
Interest received		380	177
Dividends received		38	0
Investments		1,000	0
Inflows / outflows from investing activities		1,412	105
Change of long-term financial liabilities			
Borrowing subordinated loan		0	4,800
Repayment long-term financial liabilities		-421	-5,230
Interest payment		-1,477	-1,222
Inflows / outflows from financing activities		-1,898	-1,652
Changes in cash and cash equivalents		5,333	1,399
Cash and cash equivalents on 1 January		8,209	11,996
Cash and cash equivalents on 30 June		13,542	13,395

Statement of Changes to Shareholders' Equity

in TEUR	Share capital	Capital reserves	Revenue reserves	Retained earnings brought forward	Net income	Total shareholders' equity
Shareholders' equity as at December 31, 2006	7,700	770	927	0	151	9,548
Transfer to accumulated losses brought forward from 2006 net income				151	-151	
Profit January 1, to June 30, 2007					3	
Shareholders' equity as at June 30, 2007	7,700	770	927	151	3	9,551
Shareholders' equity as at December 31, 2007	9,000	770	0	-1,188	125	8,707
Transfer to accumulated losses brought forward from 2007 net income				125	-125	
Profit January 1, to June 30, 2008					267	
Shareholders' equity as at June 30, 2008	9,000	770	0	-1,063	267	8,974

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. General information on the consolidated financial statements

Brüder Mannesmann Aktiengesellschaft is a holding company whose operating subsidiaries are active in the international trading of tools and valves. Two independent operating lines – Tools Trading and Valves Trading – are established on the market, while the subsidiary Brüder Mannesmann Grundbesitz GmbH acts exclusively as a rental company for the property held by the Group and does not operate on the market.

Brüder Mannesmann Aktiengesellschaft is a listed company admitted for trading in the Prime Standard segment of the Frankfurt Stock Exchange.

2. Accounting policies

2.1. Basis of preparation of the financial statements

In accordance with section 315a of the Handelsgesetzbuch (HGB – German Commercial Code) in conjunction with EU Directive 1606/2002 dated 19 July 2002, the consolidated financial statements of Brüder Mannesmann Aktiengesellschaft for the year ended 31 December 2007 were prepared on the basis of the applicable International Financial Reporting Standards (IFRSs) adopted by the EU at the balance sheet date.

The interim financial statements of the group as at 30 June 2008 had been prepared in accordance with the International Accounting Standard (IAS) 34 (Interim Financial Reporting). The interim report was made by using the same accounting methods as in the 2007 group financial report. For more information we refer to the annual financial report 2007. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2008 have been applied. The consolidated financial statements are prepared in euro. Unless otherwise stated, all amounts are shown in thousand euro (TEUR).

The interim financial statements have neither been audited nor reviewed by the group auditor, the Morison AG, Frankfurt am Main.

2.2. Basis of consolidation

In addition to Brüder Mannesmann Aktiengesellschaft, the consolidated financial statements include all of the subsidiaries whose financial and business policy are controlled by Brüder Mannesmann Aktiengesellschaft on account of it holding a majority of the voting rights or in accordance with the relevant articles of association, partnership agreement or other contractual arrangements, with the exception of one subsidiary.

A total of seven German subsidiaries (previous year: seven) and one foreign subsidiary (previous year: one) controlled by Brüder Mannesmann Aktiengesellschaft in accordance with IAS 27 (Consolidated and Separate Financial Statements) are included in the consolidated financial statements.

3. Disclosures on the consolidated balance sheet

3.1. Intangible assets

The amortisation of the other intangible assets amounted to TEUR 90 (previous year TEUR 96).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 52 (previous year TEUR 67), disposals amounted to TEUR 46 (previous year TEUR 12). Depreciation come out to TEUR 118 (previous year TEUR 132).

3.3. Deferred tax assets

Deferred tax assets are composed as follows:

Deferred tax assets in TEUR	30.06.2008	31.12.2007
Deferred tax assets from tax loss carryforwards	1,213	1,446
Deferred taxes from timing differences	692	789
Deferred taxes from derivative financial instruments	343	343
Deferred taxes from consolidation adjustments	21	21
	2,269	2,599

3.4. Investments

The decrease of investments is most of all caused by disposal.

3.5. Equity

The development of equity is presented in the statement of changes in equity.

4. Disclosures on the consolidated income statement

4.1. Sales revenue

The general principles of earnings from transactions apply to sales revenue.

Please refer to the segment reporting in section 5 for the breakdown of revenue by divisions and regions.

4.2. Income taxes

This item is composed as follows:

in TEUR	30.06.2008	30.06.2007
Actual tax expenses	-100	-3
Deferred tax expenses	-352	-211
	-452	-214

4.3. Earnings per share

Earnings per share are calculated on the basis of the net profit/loss for the period and the number of shares in circulation (which remained unchanged at 3,000,000 in both years).

There were no diluted options, meaning that diluted and undiluted earnings per share are identical.

5. Segment Reporting

Segment reporting was prepared in accordance with IAS 14 (Segment Reporting). Reflecting the Group's internal reporting structure, the figures contained in the annual financial statements are broken down into the Tools, Valves and Land segments. Transactions between these segments were conducted at standard market conditions.

The segment information is based on the same accounting principles as the consolidated financial statements as at 31 December 2007. The key non-cash items are changes in provisions, valuation adjustments and changes in deferred taxes.

Segment report by segment and region

	Tools 30.06.2008	Valves 30.06.2008	Land 30.06.2008	Reconciliation 30.06.2008	Group 30.06.2008	
Revenue with third parties	23,155	17,300	400	0	40,855	
Revenue with other segments	0	0	305	-305	0	
Total revenues	23,155	17,300	705	-305	40,855	
Revenues by region						
Germany	10,578	16,562	400	0	27,540	
Outside Germany	12,577	738	0	0	13,315	
Of which EU	8,740	591	0	0	9,331	
Result	872	1,086	428	-2,119	267	
Assets	33,455	10,644	13,427	12,510	70,036	
Liabilities	14,672	5,374	114	40,902	61,062	
Investments in assets	28	12	6	6	52	
Depreciation	-118	-53	-46	9	-208	
Non-cash expenses excluding depreciation	-240	-9	0	-395	-644	
Number of employees (average figure for the year without trainees)	76	53	0	5	134	

Breakdown by segments is in line with the internal reporting structure and covers the segments Tools, Valves and Land. Segment assets, segment liabilities and segment investments occur entirely in Germany.

	Tools 30.06.2007	Valves 30.06.2007	Land 30.06.2007	Reconciliation 30.06.2007	Group 30.06.2007	
	34,846	13,207	399	0	48,452	
	0	0	300	-300	0	
	34,846	13,207	699	-300	48,452	
	19,293	12,661	399	0	32,353	
	15,553 11,452	546 429	0 0	0 0	16,099 11,881	
	1,227	458	444	-2,086	43	
	31,830	8,303	13,479	14,728	68,340	
	16,916	4,257	186	37,390	58,749	
	37	30	0	0	67	
	-130	-57	-51	10	-228	
	-261	0	0	-384	-645	
	76	53	0	5	134	

6. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial positions and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Remscheid, August 2008
Brüder Mannesmann Aktiengesellschaft,
The Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein