



Six months' statement 2010

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
Notes to the Consolidated Financial Statements	9

Group interim management report

Brüder Mannesmann Aktiengesellschaft is a holding company whose operating subsidiaries are active in the international trading of tools and valves. The holding combines two independently operating divisions, "Tools Trading" and "Valve Trading", 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 for decades and which is mostly still used for the company's own business operations.

Tools Trading

Tools Trading reported sales of EUR 17.9 million in the first half of 2010 after EUR 16.4 million in the same period of the previous year. The drop in sales observed in previous quarters due to economic reasons thus reversed to a slight upward trend. Exports had the largest portion of growth in a year-on-year comparison, increasing its sales by approximately EUR 1.2 million or more than 14 %. Income development was particularly pleasing with income more than doubling per half from TEUR 370 to TEUR 809 based on operating earnings (EBIT).

Valves Trading

Valves Trading reported sales of EUR 15.0 million in the first half of 2010 after EUR 14.0 million in the same period of the previous year. Thus, the effects of the economic crisis have been halted in this division as well. Operating earnings (EBIT) as at 30 June 2010 amounted to TEUR 252 after TEUR 416 in the corresponding prior-year period.

Group business performance

Consolidated sales totalled EUR 33.1 million in the first half of 2010 after EUR 30.7 million in the same period of the previous year. Thus the business development trend took an upward turn again for the first time in several quarters. Operating earnings (EBIT) in the first half of 2010 amounted to EUR 1.2 million after EUR 0.75 million in the first half of 2009. The EBIT margin therefore rose to a good 3.6 % after around 2.4 %.

Outlook

Given development in the first half, it might be possible to generate year-on-year growth in consolidated sales for 2010 as a whole. Considering current levels, the earnings situation should further improve at least slightly. The extent of the effects of the economic recovery on consumption and the speed at which this happens will be especially important to business development in the next two quarters.

There are risks that politics will lose sight of the aims of consolidation due to recent positive economic data. If, contrary to current expectations, the upswing is only short-lived or does not fully include consumption, another difficult economic phase could set in with a corresponding effect on the company's business development.

Remscheid, August 2010
Brüder Mannesmann Aktiengesellschaft,
The Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein

Consolidated Balance Sheet

Assets in TEUR	Notes	30.06.2010	31.12.2009
Non-current assets			
Goodwill		3,845	3,845
Other intangible assets	3.1.	366	429
Property, plant and equipment	3.2.	7,662	7,480
Investment property		8,377	8,377
Financial assets	3.3.	2,003	2,140
Deferred tax assets	3.4.	2,215	2,177
Other assets		62	137
		24,530	24,585
Current assets			
Inventories		12,579	11,542
Trade receivables		10,873	9,891
Other receivables and other assets		2,835	1,309
Assets for current tax		392	82
Investments		2,443	1,303
Cash and cash equivalents		11,994	14,229
		41,116	38,356
Balance sheet total		65,646	62,941

Liabilities in TEUR	Notes	30.06.2010	31.12.2009
Equity	3.5.		
Share capital		9,000	9,000
Reserves		770	770
Accumulated losses brought forward		-1,819	-1,883
Net consolidated income		1	64
		7,952	7,951
Non-current liabilities			
Mezzanine subordinate loans		17,198	17,148
Provisions for pensions and similar liabilities		11,234	10,890
Financial liabilities		13,032	13,462
Other liabilities		3,490	3,674
Deferred tax liabilities		532	508
		45,486	45,682
Current liabilities			
Other provisions		1,011	740
Financial liabilities		1,298	1,044
Trade liabilities		7,146	5,627
Other liabilities		2,732	1,891
Current income tax liabilities		21	6
		12,208	9,308
Balance sheet total		65,646	62,941

Consolidated Statement of Earnings

in TEUR	Anhang	01.04.-30.06.2010	01.04.-30.06.2009	01.01.-30.06.2010	01.01.-30.06.2009
Sales revenue	4.1.	17,086	13,648	33,105	30,708
Other operating income		212	52	400	239
Costs of materials		-12,550	-9,516	-24,175	-22,042
Staffing costs		-2,129	-2,266	-4,231	-4,507
Other operating expenses		-1,947	-1,576	-3,707	-3,440
EBITDA		672	342	1,392	958
Amortisation and depreciation of intangible assets and property, plant and equipment		-95	-106	-191	-211
EBIT (operating result)		577	236	1,201	747
Results from equity investments		0	0	0	0
Financial income		77	17	85	40
Financial expense		-660	-660	-1,282	-1,371
Earnings before tax		-6	-407	4	-584
Income taxes	4.2.	4	123	-3	172
Net consolidated income		-2	-284	1	-412
Earnings per share (undiluted) in EUR	4.3.	0.00	-0.09	0.00	-0.14
Earnings per share (diluted) in EUR	4.3.	0.00	-0.09	0.00	-0.14

Reconciliation from net consolidated income for the period to total comprehensive income

in TEUR		01.04.-30.06.2010	01.04.-30.06.2009	01.01.-30.06.2010	01.01.-30.06.2009
Net consolidated income		-2	-284	1	-412
Transactions recognised directly in equity		0	0	0	0
Total comprehensive income		-2	-284	1	-412

Consolidated Capital Finance Account

in TEUR		30.06.2010	30.06.2009
EBIT		1,201	747
Depreciation on noncurrent assets		191	211
Gains on disposal on noncurrent assets		0	0
Change of noncurrent provisions and other noncurrent liabilities		161	530
Other non-cash income and expenses		94	67
Interest payments		-13	-10
Income tax payments		-16	0
Cash inflows / outflows from operating activities before change in current net assets		1,618	1,545
Change of current assets / liabilities			
Inventories		-1,037	-160
Trade receivables		-982	3,442
Other receivables and other assets		-1,836	-365
Financial liabilities		256	59
Trade liabilities		1,519	-729
Other liabilities and other items		1,127	195
Inflows / outflows from operating activities		665	3,987
Inflows from disposal of noncurrent assets		0	0
Outflow for investment properties		-731	-568
Interest received		4	40
Dividends received		81	0
Investments		-553	0
Inflows / outflows from investing activities		-1,199	-528
Change of long-term financial liabilities			
Borrowing other liabilities		0	0
Repayment long-term financial liabilities		-432	-443
Interest payment		-1,269	-1,361
Inflows / outflows from financing activities		-1,701	-1,804
Changes in cash and cash equivalents		-2,235	1,655
Cash and cash equivalents on 1 January		14,229	12,469
Cash and cash equivalents on 30 June		11,994	14,124

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, 2008	9,000	770	0	-1,363	-520	7,887
Transfer to earnings reserves from 2008 net income				-520	520	
Profit January 1, to June 30, 2009					-412	
Shareholders' equity as at June 30, 2009	9,000	770	0	-1,883	-412	7,475
Shareholders' equity as at December 31, 2009	9,000	770	0	-1,883	64	7,951
Transfer to earnings reserves from 2009 net income				64	-64	
Profit January 1, to June 30, 2010					1	
Shareholders' equity as at June 30, 2010	9,000	770	0	-1,819	1	7,952

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 independently operating divisions – 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 properties 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) and the International Financial Standards (IFRS) assumed by the EU the consolidated financial statements of Brüder Mannesmann Aktiengesellschaft for the year ended 31 December 2009 were prepared.

The interim financial statements of the group as at 30 June 2010 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 2009 group financial report. For more information we refer to the annual financial report 2009. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2010 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. Application of new accounting policies

The following accounting standards and interpretations are mandatory from the 2010 financial year onwards:

- IFRS 1 (Additional Exemptions for First-time Adopters)
- IFRS 1 (First-time Adoption of IFRSs)
- IFRS 2 (Share-based Payment)
- IFRS 3 (Business Combinations)
- IAS 27 (Consolidated and Separate Financial Statements)
- IAS 39 (Eligible Hedged Items)
- Improvements to IFRSs
- IFRIC 17 (Distributions of Non-cash Assets to Owners)
- IFRIC 18 (Transfers of Assets from Customers)

These accounting provisions adopted for the first time have no effect on the consolidated financial statements of Brüder Mannesmann Aktiengesellschaft.

The following accounting standards and interpretations were adopted by the IASB in the first half of 2010. However, these are not required to be applied to the reporting period and were not taken into account in the first half of 2010:

- IFRS 1 (Limited Exemption from Comparative IFRS 7 Disclosures)
- Amendments to IFRS 1 (Additional Exemptions for First-time Adopters)
- Amendments to IFRS 1 (Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters)
- Amendment to IFRIC 14 (Prepayments of a Minimum Funding Requirement)
- Revised IAS 24 (Related Party Disclosures)
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

Please see the comments in our annual report for details of the further content of new standards and interpretations as well as amendments to existing standards.

3. Disclosures on the consolidated balance sheet

3.1. Intangible assets

The amortisation of the other intangible assets amounted to TEUR 63 (previous year TEUR 84).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 310 (previous year TEUR 318) and depreciation come out to TEUR 128 (previous year TEUR 127).

3.3. Financial assets

Additions to financial assets amounted to TEUR 422 (previous year TEUR 250), disposals come out to 558 TEUR (previous year 0 TEUR).

3.4. Deferred tax assets

Deferred tax assets are composed as follows:

Deferred tax assets in TEUR	30.06.2010	31.12.2009
Deferred tax assets from tax loss carryforwards	1,376	1,251
Deferred taxes from timing difference	706	804
Deferred taxes from derivative financial instruments	110	104
Deferred taxes from consolidation adjustments	23	18
	2,215	2,177

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	30.06.2010	30.06.2009
Actual tax expenses	-16	0
Deferred tax revenues	37	194
Deferred tax expenses	-24	-22
	-3	172

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 outstanding (which remained unchanged at 3,000,000 in both years).

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

5. Segment Reporting

in TEUR	Tools 30.06.2010	Valves 30.06.2010	Land 30.06.2010	Reconciliation 30.06.2010	Group 30.06.2010
Revenue with third parties	17,873	15,010	222	0	33,105
Revenue with other segments	0	0	304	-304	0
Total revenues	17,873	15,010	526	-304	33,105
Revenues by region					
Germany	8,487	14,400	222	0	23,109
Outside Germany	9,386	610	0	0	9,996
Of which EU	6,030	512	0	0	6,542
EBITDA	898	321	284	-111	1,392
Depreciation	-89	-69	-42	9	-191
EBIT (operating result)	809	252	242	-102	1,201
Result from equity investments					0
Financial income					85
Financial expenses					-1,282
EBT (earnings before tax)					4
Income taxes					-3
Net consolidated income					1
Assets	28,229	11,497	13,248	12,672	65,646
Liabilities	17,065	5,032	104	35,493	57,694
Investments in assets	20	287	0	2	309
Non-cash expenses excluding depreciation	-229	0	0	-118	-347
Number of employees (average figure for the year without trainees)	66	58	0	5	129

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 30.06.2009	Valves 30.06.2009	Land 30.06.2009	Reconciliation 30.06.2009	Group 30.06.2009	
	16,388	14,013	307	0	30,708	
	0	0	152	-152	0	
	16,388	14,013	459	-152	30,708	
	8,168	12,729	307	0	21,204	
	8,220	1,284	0	0	9,504	
	4,914	1,170	0	0	6,084	
	485	477	379	-383	958	
	-115	-61	-44	9	-211	
	370	416	335	-374	747	
					0	
					40	
					-1,371	
					-584	
					172	
					-412	
	29,032	10,760	13,298	13,073	66,163	
	17,418	5,389	149	35,732	58,688	
	7	299	0	252	558	
	-294	-9	0	-323	-626	
	72	56	0	5	133	

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 2010
Brüder Mannesmann Aktiengesellschaft,
The Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein

Disclaimer

This report contains forward-looking statements which are based on certain expectations and assumptions at the time of publication of this report. They are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in these materials. Many of these risks and uncertainties relate to factors, that are beyond Brüder Mannesmann Group's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this report. Brüder Mannesmann Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.