



Three months' statement 2011

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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 Trade" and "Valves Trade", under a single umbrella. The subsidiary Brüder Mannesmann Grundbesitz GmbH acts solely as a leasing company for properties and does not operate on the market. These properties are restricted to industrial and office property which has been held for decades and is mostly still used for the company's own business operations.

Tools Trade

The Tools Trade division generated sales of €10.0 million in the first quarter of 2011, up from €9.2 million in the same quarter of the previous year. This is equivalent to growth of 8.7% so that the upward trend of the 2010 financial year was successfully continued. This development was primarily driven by the growth of the domestic economy to which the division made an above-average contribution with an increase in domestic sales of 29.3%. By contrast, the foreign share of sales decreased from 53.8% to 44.9% because some of the markets are still suffering from the effects of the financial and economic crisis. The division's quarterly operating result (EBIT) amounted to €0.58 million, up from €0.49 million. This is equivalent to a return on sales based on EBIT of around 5.8%, up from 5.4%.

Valves Trade

In the Valves Trade division sales of €6.4 million were generated as of 31 March 2011, down from €6.7 million in the same period of the previous year. The prevailing low investment propensity in the project business due to the economy that was not fully compensated by the minor upturn in the industrial business was responsible for the slight downturn. The operating result in the first quarter of 2011 amounted to €-0.03 million, down from €0.08 million in the same period of the previous year.

Group business performance

Consolidated sales were increased to €16.5 million as of 31 March 2011, up 3.1% from €16.0 million in the same period of the previous year. Owing to their good market position both divisions benefited from the recovery of the domestic economy, with the Tools Trade division achieving an above-average growth in business volume. However, in the Valves Trade division the economic recovery has not yet reached the project business.

Consolidated EBIT in the first quarter of 2011 was kept virtually constant at €0.60 million (previous year: €0.62 million) despite the economically-driven situation in the project business of the Valves Trade division. Net consolidated income at 31 March 2011 was almost unchanged at TEUR 3.

Outlook

In the Tools Trade division it has been possible to benefit strongly from the economic recovery of the domestic economy. This trend should continue in the next two quarters albeit that the growth rate could potentially recede somewhat. It is expected in the Valves Trade division that the project business slowly recovers. In the absence of potential negative influences from the geopolitical situation or the pending European debt crisis an expansion of business volume and increased profitability are to be expected.

Remscheid, 31 May 2011
Brüder Mannesmann Aktiengesellschaft,
The Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein

Consolidated Balance Sheet

| Assets in TEUR | Anhang | 31.03.2011 | 31.12.2010 |
|------------------------------------|--------|---------------|---------------|
| Non-current assets | | | |
| Goodwill | 3.1. | 3,845 | 3,845 |
| Other intangible assets | 3.1. | 281 | 310 |
| Property, plant and equipment | 3.2. | 9,885 | 9,858 |
| Investment property | | 6,774 | 6,774 |
| Financial assets | 3.3. | 2,554 | 2,419 |
| Deferred tax assets | 3.4. | 2,626 | 2,589 |
| Other assets | | 78 | 86 |
| | | 26,043 | 25,881 |
| Current assets | | | |
| Inventories | | 15,569 | 13,561 |
| Trade receivables | | 11,130 | 10,862 |
| Other receivables and other assets | | 4,137 | 4,656 |
| Assets for current tax | | 60 | 57 |
| Investments | | 2,436 | 2,092 |
| Cash and cash equivalents | | 7,120 | 9,083 |
| | | 40,452 | 40,311 |
| Balance sheet total | | 66,495 | 66,192 |

| Liabilities in TEUR | Anhang | 31.03.2011 | 31.12.2010 |
|---|--------|---------------|---------------|
| Equity | 3.5. | | |
| Share capital | | 9,000 | 9,000 |
| Reserves | | 770 | 770 |
| Accumulated losses brought forward | | -2,962 | -1,819 |
| Net consolidated income | | 3 | -1,143 |
| | | 6,811 | 6,808 |
| Non-current liabilities | | | |
| Mezzanine subordinate loans | | 17,273 | 17,248 |
| Provisions for pensions and similar liabilities | | 12,301 | 12,161 |
| Financial liabilities | | 13,078 | 13,173 |
| Other liabilities | | 3,948 | 3,908 |
| Deferred tax liabilities | | 687 | 645 |
| | | 47,287 | 47,135 |
| Current liabilities | | | |
| Other provisions | | 878 | 722 |
| Financial liabilities | | 1,794 | 1,430 |
| Trade liabilities | | 6,706 | 7,880 |
| Other liabilities | | 3,019 | 2,217 |
| Current income tax liabilities | | 0 | 0 |
| | | 12,397 | 12,249 |
| | | | |
| Balance sheet total | | 66,495 | 66,192 |

Consolidated Statement of Earnings

| In TEUR | Anhang | 01.01.-31.03.2011 | 01.01.-31.03.2010 |
|--|-------------|-------------------|-------------------|
| Sales revenue | 4.1. | 16,464 | 16,019 |
| Other operating income | | 135 | 188 |
| Costs of materials | | -12,151 | -11,625 |
| Staffing costs | | -2,142 | -2,102 |
| Other operating expenses | | -1,584 | -1,760 |
| EBITDA | | 722 | 720 |
| Amortisation and depreciation of intangible assets and property, plant and equipment | | -118 | -96 |
| EBIT (operating result) | | 604 | 624 |
| Results from equity investments | | 0 | 0 |
| Financial income | | 97 | 8 |
| Financial expense | | -689 | -622 |
| Earnings before tax | | 12 | 10 |
| Income taxes | 4.2. | -9 | -7 |
| Net consolidated income | | 3 | 3 |
| | | | |
| Earnings per share (undiluted) in EUR | 4.3. | 0.00 | 0.00 |
| Earnings per share (diluted) in EUR | 4.3. | 0.00 | 0.00 |

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

| In TEUR | | 01.01.-31.03.2011 | 01.01.-31.03.2010 |
|--|--|-------------------|-------------------|
| Net consolidated income | | 3 | 3 |
| Transactions recognised directly in equity | | 0 | 0 |
| Total comprehensive income | | 3 | 3 |

Consolidated Capital Finance Account

| In TEUR | | 31.03.2011 | 31.03.2010 |
|--|--|---------------|---------------|
| EBIT | | 604 | 623 |
| Depreciation on noncurrent assets | | 118 | 96 |
| Gains on disposal on noncurrent assets | | 0 | 0 |
| Change of noncurrent provisions and other noncurrent liabilities | | 209 | 173 |
| Other non-cash income and expenses | | 33 | 103 |
| Interest payments | | -13 | -6 |
| Income tax payments | | -9 | -4 |
| Cash inflows/outflows from operating activities before change in current net assets | | 942 | 985 |
| Change of current assets / liabilities | | | |
| Inventories | | -2,008 | -1,756 |
| Trade receivables | | -267 | -67 |
| Other receivables and other assets | | 487 | -2,196 |
| Financial liabilities | | 493 | 7 |
| Trade liabilities | | -1,174 | 2,418 |
| Other liabilities and other items | | 929 | 544 |
| Inflows/outflows from operating activities | | -598 | -65 |
| Inflows from disposal of noncurrent assets | | 0 | 0 |
| Outflow for investment properties | | -251 | -288 |
| Interest received | | 0 | 8 |
| Dividends received | | 0 | 0 |
| Investments | | -343 | -426 |
| Current financial instruments | | 0 | 0 |
| Inflows/outflows from investing activities | | -594 | -706 |
| Change of long-term financial liabilities | | | |
| Borrowing subordinated loan | | 0 | 0 |
| Borrowing other liabilities | | 0 | 0 |
| Repayment long-term financial liabilities | | -224 | -221 |
| Repayment other liabilities | | 0 | -133 |
| Interest payment | | -547 | -615 |
| Distribution of profits | | 0 | 0 |
| Inflows/outflows from financing activities | | -771 | -969 |
| Changes in cash and cash equivalents | | -1,963 | -1,740 |
| | | | |
| Cash and cash equivalents on 1 January | | 9,083 | 14,229 |
| Cash and cash equivalents on 31 March | | 7,120 | 12,489 |

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, 2009 | 9,000 | 770 | 0 | -1,883 | 64 | 7,951 |
| Transfer to earnings reserves from 2009 net income | | | | 64 | -64 | |
| Profit January 1, to March 31, 2010 | | | | | 3 | |
| Shareholders' equity as at March 31, 2010 | 9,000 | 770 | 0 | -1,819 | 3 | 7,954 |
| | | | | | | |
| Shareholders' equity as at December 31, 2010 | 9,000 | 770 | 0 | -1,819 | -1,143 | 6,808 |
| Transfer to earnings reserves from 2010 net income | | | | -1,143 | 1,143 | |
| Profit January 1, to March 31, 2011 | | | | | 3 | |
| Shareholders' equity as at March 31, 2011 | 9,000 | 770 | 0 | -2,962 | 3 | 6,811 |

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. There are two established operating divisions which operate on the market, the "Tool Trade" and the "Valve Trade". The subsidiary Brüder Mannesmann Grundbesitz GmbH acts solely as a leasing company for properties 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

Financial reporting

In accordance with section 315a of the Handelsgesetzbuch (HGB – German Commercial Code) and the International Financial Reporting Standards (IFRS) assumed by the EU the consolidated financial statements of Brüder Mannesmann Aktiengesellschaft for the year ended 31 December 2010 were prepared.

The interim financial statements of the group as at 31 March 2011 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 2010 group financial report. For more information we refer to the annual financial report for 2010. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 31 March 2011 have been applied. The consolidated financial statements are prepared in euro. All amounts are presented in thousands of euro (€ thousand) unless stated otherwise.

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 new accounting standards and interpretations are mandatory from the 2011 financial year onwards:

- Revised IAS 24 – Related Party Disclosures
- IFRS 1 – Limited Exemption from Comparative Disclosures for First-time Adopters
- IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues
- Improvements to IFRSs (Issued by IASB in May 2010)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement

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

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

Additions to intangible assets amounted to TEUR 2 (previous year TEUR 0). The amortisation of the other intangible assets amounted to TEUR 31 (previous year TEUR 32).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 113 (previous year TEUR 77) and depreciation came out to TEUR 86 (previous year TEUR 64).

3.3. Financial assets

Additions to financial assets amounted to TEUR 140 (previous year TEUR 212) and disposals came out to TEUR 5 (previous year TEUR 0).

3.4. Deferred tax assets

Deferred tax assets are composed as follows:

| Deferred tax assets in TEUR | 31.03.2011 | 31.12.2010 |
|--|--------------|--------------|
| Deferred tax assets from tax loss carryforwards | 1,367 | 1,313 |
| Deferred taxes from timing difference | 972 | 1,003 |
| Deferred taxes from derivative financial instruments | 257 | 257 |
| Deferred taxes from consolidation adjustments | 30 | 16 |
| | 2,626 | 2,589 |

3.5. Equity

The composition and development of shareholders' equity are 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 | 31.03.2011 | 31.03.2010 |
|-----------------------|------------|------------|
| Actual tax expenses | -4 | -3 |
| Deferred tax revenues | 77 | 8 |
| Deferred tax expenses | -82 | -12 |
| | -9 | -7 |

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 are no dilutive options. Therefore, diluted and basic earnings per share are identical.

5. Segment Reporting

| in TEUR | Tools 31.03.2011 | Valves 31.03.2011 | Land 31.03.2011 | Reconciliation 31.03.2011 | Group 31.03.2011 |
|---|---------------------|----------------------|--------------------|------------------------------|---------------------|
| Revenue with third parties | 9,993 | 6,360 | 111 | 0 | 16,464 |
| Revenue with other segments | 0 | 0 | 186 | -186 | 0 |
| Total revenues | 9,993 | 6,360 | 297 | -186 | 16,464 |
| Revenues by region | | | | | |
| Germany | 5,505 | 5,717 | 111 | 0 | 11,333 |
| Outside Germany | 4,488 | 643 | 0 | 0 | 5,131 |
| Of which EU | 2,331 | 547 | 0 | 0 | 2,878 |
| EBITDA | 625 | 21 | 143 | -67 | 722 |
| Depreciation | -48 | -54 | -24 | 8 | -118 |
| EBIT (operating result) | 577 | -33 | 119 | -59 | 604 |
| Result from equity investments | | | | | 0 |
| Financial income | | | | | 97 |
| Financial expenses | | | | | -689 |
| EBT (earnings before tax) | | | | | 12 |
| Income taxes | | | | | -9 |
| Net consolidated income | | | | | 3 |
| Assets | 30,902 | 10,528 | 13,394 | 11,671 | 66,495 |
| Liabilities | 17,472 | 5,500 | 149 | 36,563 | 59,684 |
| Investments in assets | 5 | 110 | 0 | 0 | 115 |
| Non-cash expenses excluding depreciation | -187 | -48 | 0 | -79 | -314 |
| Number of employees (average figure for the year without trainees) | 61 | 62 | 0 | 5 | 128 |

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 31.03.2010 | Valves 31.03.2010 | Land 31.03.2010 | Reconciliation 31.03.2010 | Group 31.03.2010 | |
|--|---------------------|----------------------|--------------------|------------------------------|---------------------|--|
| | 9,211 | 6,697 | 111 | 0 | 16,019 | |
| | 0 | 0 | 152 | -152 | 0 | |
| | 9,211 | 6,697 | 263 | -152 | 16,019 | |
| | 4,258 | 6,394 | 111 | 0 | 10,763 | |
| | 4,953 | 303 | 0 | 0 | 5,256 | |
| | 3,448 | 266 | 0 | 0 | 3,714 | |
| | 539 | 112 | 114 | -45 | 720 | |
| | -45 | -34 | -20 | 3 | -96 | |
| | 494 | 78 | 94 | -42 | 624 | |
| | | | | | 0 | |
| | | | | | 8 | |
| | | | | | -622 | |
| | | | | | 10 | |
| | | | | | -7 | |
| | | | | | 3 | |
| | 30,118 | 10,443 | 13,338 | 11,881 | 65,780 | |
| | 16,123 | 4,496 | 115 | 37,091 | 57,825 | |
| | 13 | 199 | 0 | 219 | 431 | |
| | -154 | -4 | 0 | -223 | -381 | |
| | 67 | 57 | 0 | 5 | 129 | |

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 and cannot be estimated precisely at the present time such as future market conditions and economic developments, the behaviour of other market participants, the achievement of anticipated synergies and legal and political decisions. Brüder Mannesmann Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances arising after the date of publication of these materials.

Remscheid, 31 May 2011
Brüder Mannesmann Aktiengesellschaft,
The Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein