



Six 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 industrial and office property which has been held for decades and which is mostly still used for the company's own business operations.

Tools Trade

The Tools Trade division generated sales of €17.8 million in the first half of 2011 after €17.9 million in the same period of the previous year. Its business volume was therefore virtually stable. In Germany, the division posted growth of around 16.3% while international sales declined by 15.1%, thereby preventing an overall increase in sales. However, sales quality improved with EBIT for the division rising to €1.20 million after €0.81 million in the same period of the previous year. In the first half of 2011, the division's return on sales (based on EBIT) was therefore 6.7%.

Valves Trade

The Valves Trade division generated sales of €13.1 million in the first half of 2011 after €15.0 million in the same period of the previous year. Division EBIT as at 30 June 2011 amounted to €216 thousand after €252 thousand in the same period of the previous year. Thus, the impact of negative economic trends within the industry was not effectively limited.

Group business performance

The Group generated sales of €31.2 million in the first half of 2011 after €33.1 million in the same period of the previous year. Operating earnings (EBIT) remained stable at €1.2 million after the first six months of 2011. The EBIT margin was therefore in excess of 3.8% after around 3.6 % in the first half of 2010.

Outlook

Given the recent resurgence of a sense of crisis and the situation in some of the economies around the world, the basis for all prior forecasts no longer applies. The future development of consumer spending can no longer be predicted, which also applies to industry as a whole. This alone makes it almost impossible to provide a reliable forecast for Brüder Mannesmann's business performance. In addition, however, there are also unpredictable elements as regards the European currency system. If it proves impossible to implement the political goals of maintaining and stabilising this system, there is a risk of serious setbacks to the German economy and possibly even consequences for current social structures.

At best, business is expected to remain stable for the next two quarters provided that the economy develops without major disruptions.

Remscheid, August 2011
Brüder Mannesmann Aktiengesellschaft,
The Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein

Consolidated Balance Sheet

Assets in TEUR	Notes	30.06.2011	31.12.2010
Non-current assets			
Goodwill	3.1.	3,845	3,845
Other intangible assets	3.1.	255	310
Property, plant and equipment	3.2.	9,879	9,858
Investment property		6,774	6,774
Financial assets	3.3.	2,759	2,419
Deferred tax assets	3.4.	2,710	2,589
Other assets		62	86
		26,284	25,881
Current assets			
Inventories		16,316	13,561
Trade receivables		9,872	10,862
Other receivables and other assets		3,552	4,656
Assets for current tax		455	57
Investments		2,392	2,092
Cash and cash equivalents		6,827	9,083
		39,414	40,311
Balance sheet total		65,698	66,192

Liabilities in TEUR	Notes	30.06.2011	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		2	-1,143
		6,810	6,808
Non-current liabilities			
Mezzanine subordinate loans		17,298	17,248
Provisions for pensions and similar liabilities		12,139	12,161
Financial liabilities		12,753	13,173
Other liabilities		3,531	3,908
Deferred tax liabilities		775	645
		46,496	47,135
Current liabilities			
Other provisions		903	722
Financial liabilities		3,463	1,430
Trade liabilities		5,219	7,880
Other liabilities		2,807	2,217
Current income tax liabilities		0	0
		12,392	12,249
Balance sheet total		65,698	66,192

Consolidated Statement of Earnings

In TEUR	Notes	01.04.-30.06.2011	01.04.-30.06.2010	01.01.-30.06.2011	01.01.-30.06.2010
Sales revenue	4.1.	14,728	17,086	31,192	33,105
Other operating income		192	212	327	400
Costs of materials		-10,495	-12,550	-22,646	-24,175
Staffing costs		-1,938	-2,129	-4,080	-4,231
Other operating expenses		-1,767	-1,947	-3,351	-3,707
EBITDA		720	672	1,442	1,392
Amortisation and depreciation of intangible assets and property, plant and equipment		-122	-95	-240	-191
EBIT (operating result)		598	577	1,202	1,201
Results from equity investments		0	0	0	0
Financial income		299	77	396	85
Financial expense		-890	-660	-1,579	-1,282
Earnings before tax		7	-6	19	4
Income taxes	4.2.	-8	4	-17	-3
Net consolidated income		-1	-2	2	1
Earnings per share (undiluted) in EUR	4.3.	0,00	0,00	0,00	0,00
Earnings per share (diluted) in EUR	4.3.	0,00	0,00	0,00	0,00

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

In TEUR		01.04.-30.06.2011	01.04.-30.06.2010	01.01.-30.06.2011	01.01.-30.06.2010
Net consolidated income		-1	-2	2	1
Transactions recognised directly in equity		0	0	0	0
Total comprehensive income		-1	-2	2	1

Consolidated Capital Finance Account

In TEUR		30.06.2011	30.06.2010
EBIT		1,202	1,201
Depreciation on noncurrent assets		240	191
Gains on disposal on noncurrent assets		0	0
Change of noncurrent provisions and other noncurrent liabilities		-399	161
Other non-cash income and expenses		76	94
Interest payments		-21	-13
Income tax payments		-10	-16
Cash inflows/outflows from operating activities before change in current net assets		1,088	1,618
Change of current assets / liabilities			
Inventories		-2,755	-1,037
Trade receivables		989	-982
Other receivables and other assets		706	-1,836
Financial liabilities		1,964	256
Trade liabilities		-2,660	1,519
Other liabilities and other items		1,067	1,127
Inflows/outflows from operating activities		399	665
Inflows from disposal of noncurrent assets		0	0
Outflow for investment properties		-602	-731
Interest received		100	4
Dividends received		0	81
Investments		-300	-553
Inflows/outflows from investing activities		-802	-1,199
Change of long-term financial liabilities			
Borrowing other liabilities		0	0
Repayment long-term financial liabilities		-351	-432
Interest payment		-1,502	-1,269
Inflows/outflows from financing activities		-1,853	-1,701
Changes in cash and cash equivalents		-2,256	-2,235
Cash and cash equivalents on 1 January		9,083	14,229
Cash and cash equivalents on 31 March		6,827	11,994

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 June 30, 2010					1	
Shareholders' equity as at June 30, 2010	9,000	770	0	-1,819	1	7,952
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 June 30, 2011					2	
Shareholders' equity as at June 30, 2011	9,000	770	0	-2,962	2	6,810

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 30 June 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 30 June 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 3 (previous year TEUR 0). The amortisation of the other intangible assets amounted to TEUR 57 (previous year TEUR 63).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 205 (previous year TEUR 310) and depreciation came out to TEUR 183 (previous year TEUR 128).

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	30.06.2011	31.12.2010
Deferred tax assets from tax loss carryforwards	1,509	1,313
Deferred taxes from timing difference	845	1,003
Deferred taxes from derivative financial instruments	331	257
Deferred taxes from consolidation adjustments	25	16
	2,710	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	30.06.2011	30.06.2010
Actual tax expenses	-10	-16
Deferred tax revenues	297	37
Deferred tax expenses	-304	-24
	-17	-3

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 30.06.2011	Valves 30.06.2011	Land 30.06.2011	Reconciliation 30.06.2011	Group 30.06.2011
Revenue with third parties	17,837	13,134	221	0	31,192
Revenue with other segments	0	0	373	-373	0
Total revenues	17,837	13,134	594	-373	31,192
Revenues by region					
Germany	9,870	11,755	221	0	21,846
Outside Germany	7,967	1,379	0	0	9,346
Of which EU	4,171	1,278	0	0	5,449
EBITDA	1,292	-108	365	-107	1,442
Depreciation	-90	-108	-51	9	-240
EBIT (operating result)	1,202	-216	314	-98	1,202
Result from equity investments					0
Financial income					396
Financial expenses					-1,579
EBT (earnings before tax)					19
Income taxes					-17
Net consolidated income					2
Assets	29,174	11,931	13,475	11,118	65,698
Liabilities	16,199	4,657	125	37,908	58,889
Investments in assets	15	190	0	2	207
Non-cash expenses excluding depreciation	-401	-49	0	-124	-574
Number of employees (average figure for the year without trainees)	61	63	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 30.06.2010	Valves 30.06.2010	Land 30.06.2010	Reconciliation 30.06.2010	Group 30.06.2010	
	17,873	15,010	222	0	33,105	
	0	0	304	-304	0	
	17,873	15,010	526	-304	33,105	
	8,487	14,400	222	0	23,109	
	9,386	610	0	0	9,996	
	6,030	512	0	0	6,542	
	898	321	284	-111	1,392	
	-89	-69	-42	9	-191	
	809	252	242	-102	1,201	
					0	
					85	
					-1,282	
					4	
					-3	
					1	
	28,229	11,497	13,248	12,672	65,646	
	17,065	5,032	104	35,493	57,694	
	20	287	0	2	309	
	-229	0	0	-118	-347	
	66	58	0	5	129	

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 2011
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.