



## Nine 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 €27.0 million as at 30 September 2011, matching the figure of €27.1 million recorded in the same period of the previous year. At €9.1 million, quarterly sales for the third quarter of 2011 alone also matched the level achieved in the same quarter of the previous year. EBIT as at 30 September 2011 rose significantly by €0.5 million to over €1.5 million.

### Valves Trade

As at 30 September 2011, sales in the Valves Trade division amounted to €19.8 million after €22.1 million in the same period of the previous year. Sales in the third quarter of 2011 were €6.6 million after €7.0 million in the third quarter of 2010.

### Group business performance

Consolidated sales totalled €47.1 million as at 30 September 2011 (previous year: €49.5 million). The Tools Trade division succeeded in continuing the previous year's business volume. The quarter-on-quarter decline in the Valves Trade division was slowed.

EBIT as at 30 September 2011 came to €1.4 million after €1.9 million in the same period of the previous year. The EBIT margin was therefore almost 3.0% after 3.8% and thus is still at a respectable level by industry standards.

## Outlook

Following a tangible recovery in the third quarter of 2011, the effects of the unresolved and now almost global public debt problem were again responsible for the absence of growth in business developments. The Group's EBIT is still satisfactory and remained at a relatively high level despite the drop in sales. The remaining goal for 2011 as a whole is therefore to stabilise income, coupled with efforts to make a good start in 2012 under negative economic auspices.

The now lingering risk factors to future development include the state of the European currency system and the debt problems of key industrialised nations. Business performance cannot be expected to normalise until sustainable solutions to these problems are developed and implemented, leading to a stabilisation of economic development.

Remscheid, November 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	30.09.2011	31.12.2010
Non-current assets			
Goodwill	3.1.	3,845	3,845
Other intangible assets	3.1.	220	310
Property, plant and equipment	3.2.	9,939	9,858
Investment property		6,774	6,774
Financial assets	3.3.	2,939	2,419
Deferred tax assets	3.4.	2,980	2,589
Other assets		51	86
		<b>26,748</b>	<b>25,881</b>
Current assets			
Inventories		14,398	13,561
Trade receivables		11,813	10,862
Other receivables and other assets		3,875	4,656
Assets for current tax		84	57
Investments		1,992	2,092
Cash and cash equivalents		5,688	9,083
		<b>37,850</b>	<b>40,311</b>
<b>Balance sheet total</b>		<b>64,598</b>	<b>66,192</b>

Liabilities in TEUR	Notes	30.09.2011	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		-561	-1,143
		<b>6,247</b>	<b>6,808</b>
Non-current liabilities			
Mezzanine subordinate loans		17,324	17,248
Provisions for pensions and similar liabilities		12,307	12,161
Financial liabilities		12,540	13,173
Other liabilities		3,486	3,908
Deferred tax liabilities		794	645
		<b>46,451</b>	<b>47,135</b>
Current liabilities			
Other provisions		1,068	722
Financial liabilities		2,787	1,430
Trade liabilities		5,056	7,880
Other liabilities		2,989	2,217
Current income tax liabilities		0	0
		<b>11,900</b>	<b>12,249</b>
<b>Balance sheet total</b>		<b>64,598</b>	<b>66,192</b>

## Consolidated Statement of Earnings

In TEUR	Notes	01.07.-30.09.2011	01.07.-30.09.2010	01.01.-30.09.2011	01.01.-30.09.2010
Sales revenue	4.1.	15,882	16,402	47,074	49,507
Other operating income		135	154	462	554
Costs of materials		-11,892	-11,901	-34,538	-36,076
Staffing costs		-2,249	-2,091	-6,329	-6,322
Other operating expenses		-1,532	-1,793	-4,883	-5,500
<b>EBITDA</b>		<b>344</b>	<b>771</b>	<b>1,786</b>	<b>2,163</b>
Amortisation and depreciation of intangible assets and property, plant and equipment		-129	-96	-369	-287
<b>EBIT (operating result)</b>		<b>215</b>	<b>675</b>	<b>1,417</b>	<b>1,876</b>
Results from equity investments		0	0	0	0
Financial income		37	0	433	77
Financial expense		-1,063	-668	-2,642	-1,942
<b>Earnings before tax</b>		<b>-811</b>	<b>7</b>	<b>-792</b>	<b>11</b>
Income taxes	4.2.	248	9	231	6
<b>Net consolidated income</b>		<b>-563</b>	<b>16</b>	<b>-561</b>	<b>17</b>
<b>Earnings per share (undiluted) in EUR</b>	<b>4.3.</b>	<b>-0.19</b>	<b>0.01</b>	<b>-0.19</b>	<b>0.01</b>
<b>Earnings per share (diluted) in EUR</b>	<b>4.3.</b>	<b>-0.19</b>	<b>0.01</b>	<b>-0.19</b>	<b>0.01</b>

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

In TEUR		01.07.-30.09.2011	01.07.-30.09.2010	01.01.-30.09.2011	01.01.-30.09.2010
Net consolidated income		-563	16	-561	17
Transactions recognised directly in equity		0	0	0	0
<b>Total comprehensive income</b>		<b>-563</b>	<b>16</b>	<b>-561</b>	<b>17</b>

## Consolidated Capital Finance Account

In TEUR		30.09.2011	30.09.2010
EBIT		1,417	1,876
Depreciation on noncurrent assets		370	287
Gains on disposal on noncurrent assets		0	0
Change of noncurrent provisions and other noncurrent liabilities		-276	-387
Other non-cash income and expenses		148	-152
Interest payments		-34	-15
Income tax payments		-11	-21
<b>Cash inflows/outflows from operating activities before change in current net assets</b>		<b>1,614</b>	<b>1,588</b>
Change of current assets/liabilities			
Inventories		-837	-1,191
Trade receivables		-952	-240
Other receivables and other assets		755	-2,073
Financial liabilities		1,248	29
Trade liabilities		-2,824	810
Other liabilities and other items		1,118	1,482
<b>Inflows/outflows from operating activities</b>		<b>122</b>	<b>405</b>
Inflows from disposal of noncurrent assets		0	0
Outflow for investment properties		-362	-1,246
Interest received		123	67
Dividends received		14	10
Investments		-774	-553
<b>Inflows/outflows from investing activities</b>		<b>-999</b>	<b>-1,722</b>
Change of long-term financial liabilities			
Borrowing other liabilities		0	507
Repayment long-term financial liabilities		-525	-670
Interest payment		-1,993	-1,927
<b>Inflows/outflows from financing activities</b>		<b>-2,518</b>	<b>-2,090</b>
<b>Changes in cash and cash equivalents</b>		<b>-3,395</b>	<b>-3,407</b>
<b>Cash and cash equivalents on 1 January</b>		<b>9,083</b>	<b>14,229</b>
<b>Cash and cash equivalents on 30 September</b>		<b>5,688</b>	<b>10,822</b>

## Statement of Changes to Shareholders' Equity

in TEUR	Share capital	Capital reserves	Revenue reserves	Retained earnings brought forward	Net income	Total shareholders' equity
<b>Shareholders' equity as at December 31, 2009</b>	9,000	770	0	-1,883	64	7,951
Transfer to earnings reserves from 2009 net income				64	-64	
Profit January 1, to September 30, 2010					17	
<b>Shareholders' equity as at September 30, 2010</b>	9,000	770	0	-1,819	17	7,968
<b>Shareholders' equity as at December 31, 2010</b>	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 September 30, 2011					-561	
<b>Shareholders' equity as at September 30, 2011</b>	9,000	770	0	-2,962	-561	6,247



# 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 September 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 September 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 93 (previous year TEUR 94).

### 3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 358 (previous year TEUR 615) and depreciation came out to TEUR 277 (previous year TEUR 194).

### 3.3. Financial assets

Additions to financial assets amounted to TEUR 525 (previous year TEUR 632) and disposals came out to TEUR 5 (previous year TEUR 559).

### 3.4. Deferred tax assets

Deferred tax assets are composed as follows:

Deferred tax assets in TEUR	30.09.2011	31.12.2010
Deferred tax assets from tax loss carryforwards	1,681	1,313
Deferred taxes from timing difference	963	1,003
Deferred taxes from derivative financial instruments	308	257
Deferred taxes from consolidation adjustments	28	16
	<b>2,980</b>	<b>2,589</b>

### 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	30.09.2011	30.09.2010
Actual tax expenses	-11	-21
Deferred tax revenues	603	63
Deferred tax expenses	-361	-36
	<b>231</b>	<b>6</b>

### 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 30.09.2011	Valves 30.09.2011	Land 30.09.2011	Reconciliation 30.09.2011	Group 30.09.2011
Revenue with third parties	26,965	19,773	336	0	47,074
Revenue with other segments	0	0	557	-557	0
<b>Total revenues</b>	<b>26,965</b>	<b>19,773</b>	<b>893</b>	<b>-557</b>	<b>47,074</b>
Revenues by region					
Germany	15,414	17,526	336	0	33,276
Outside Germany	11,551	2,247	0	0	13,798
Of which EU	6,233	2,077	0	0	8,310
<b>EBITDA</b>	<b>1,673</b>	<b>-186</b>	<b>589</b>	<b>-290</b>	<b>1,786</b>
Depreciation	-129	-175	-77	12	-369
<b>EBIT (operating result)</b>	<b>1,544</b>	<b>-361</b>	<b>512</b>	<b>-278</b>	<b>1,417</b>
Result from equity investments					0
Financial income					433
Financial expenses					-2,642
<b>EBT (earnings before tax)</b>					<b>-792</b>
Income taxes					231
<b>Net consolidated income</b>					<b>-561</b>
Assets	28,102	12,191	13,594	10,711	64,598
Liabilities	15,945	5,245	133	37,028	58,351
Investments in assets	20	326	0	16	362
Non-cash expenses excluding depreciation	-645	-99	0	-135	-879
Number of employees (average figure for the year without trainees)	60	62	0	5	127

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 30.09.2010	Valves 30.09.2010	Land 30.09.2010	Reconciliation 30.09.2010	Group 30.09.2010	
	27,122	22,052	333	0	49,507	
	0	0	544	-544	0	
	<b>27,122</b>	<b>22,052</b>	<b>877</b>	<b>-544</b>	<b>49,507</b>	
	13,347	20,288	333	0	33,968	
	13,775	1,764	0	0	15,539	
	8,299	1,620	0	0	9,919	
	<b>1,188</b>	<b>597</b>	<b>569</b>	<b>-191</b>	<b>2,163</b>	
	-133	-103	-66	15	-287	
	<b>1,055</b>	<b>494</b>	<b>503</b>	<b>-176</b>	<b>1,876</b>	
					0	
					77	
					-1,942	
					<b>11</b>	
					6	
					<b>17</b>	
	28,582	10,379	13,239	12,639	64,839	
	16,949	4,123	103	35,696	56,871	
	25	586	0	2	613	
	-351	0	0	-178	-529	
	62	57	0	5	124	

## 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.

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



Jürgen Schafstein  
Chairman of the  
Board of Management



Bernd Schafstein