



Nine months' statement 2007

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Group interim management report

Brüder Mannesmann Aktiengesellschaft is a holding company whose operating subsidiaries operate in international trading with tools and valves. Below the holding, two independently operating lines operate on the market, Tools Trading and Valves Trading. The subsidiary Brüder Mannesmann Grundbesitz GmbH operates exclusively as a rental company for the existing property. It does not operate on the market. This property relates to industry and administration properties which have been owned for decades and which are still largely used for company operations.

Tools Trading

In Q1–Q3 2007, the Tools Trade division realised sales of € 49.5 million after € 52.9 million in the corresponding period of the previous year. International sales rose by almost 11% to € 22.8 million. This represents a share of around 46%. With growth of more than 25% to € 16.4 million, EU sales outside Germany increased particularly strongly. Within Germany, the extraordinarily good sales of € 32.4 million as of 30 September 2006 were not yet repeated. The reason for this is once again the very heavy share of trading campaigns with some customer groups in 2006, some of which was not repeated in 2007.

Valves Trading

In the Valves Trade division, sales of € 21.0 million were realised as of 30 September 2007, which is very close to the previous year's value of € 21.2 million. Sales in this division were achieved almost exclusively within Germany.

Group business trend

Group sales as of 30 September 2007 came to € 71.0 million, after € 74.7 million in the corresponding period of the previous year. In the third quarter alone, sales came to € 22.6 million, which is very close to the previous year's value of € 23.3 million. This very good performance in the third quarter of 2007 is also reflected in EBIT, which increased by 7.1% to € 0.95 million. The financial result also improved by 7.9% across all three quarters in 2007.

In the first quarter of 2007 the company executed interest rate optimisation transactions on an underlying totalling €25.0 million. The swap transactions are not to be classified as a derivative held for hedging purposes and are thus carried at fair value. For an underlying of €12.5 million, the company included expenses of €460 thousand to cover risks. Otherwise fair values in line with IAS 39.A or alternatively in line with the DCF method are €75 thousand.

Outlook

End-of-year business and the new negotiations normally held at the start of the new year will be decisive in determining the business trend in the next two quarters. These seasonal effects will have less of an impact in the Tools division so that continuous growth can be expected here. In the Valves division, billing effects as of the balance sheet date may arise. While these can be attributed to the year as a whole from an economic perspective, they are reported in the sales for the fourth quarter. All in all, a very good performance is expected for 2007 as a whole, as is a good start into the 2008 financial year.

Risks are still present in the price development of raw materials and energy, which could lead to increasing purchase prices. However, these risks are present in the industry as a whole and therefore also affect our competitors. In addition, the rise in the price of raw materials and energy is increasingly being accepted as normal. The heavy increase in exports from the Tools division could negatively impact the currency situation. However, the high and currency-rate-neutral EU share in foreign sales is likely to curb these negative effects.

Remscheid, November 2007
Brüder Mannesmann Aktiengesellschaft,
Board of Management



Jürgen Schafstein
Chairman of the
Board of Management



Bernd Schafstein

Consolidated Balance Sheet

ASSETS

	Notes	30.09.2007 TEUR	31.12.2006 TEUR
NON-CURRENT ASSETS			
Goodwill	3.1.	3,845	3,845
Other intangible assets	3.1.	684	825
Property, plant and equipment	3.2.	7,265	7,298
Investment property		8,377	8,377
Financial assets		30	35
Deferred tax assets	3.3.	3,473	3,611
Other assets	3.4.	151	131
		23,825	24,122
CURRENT ASSETS			
Inventories		13,724	13,508
Trade receivables		16,840	11,053
Other receivables and other assets		2,037	1,202
Cash and cash equivalents		15,626	11,996
		48,227	37,759
Balance sheet total		72,052	61,881

LIABILITIES

	Notes	30.09.2007 TEUR	31.12.2006 TEUR
EQUITY			
Share capital	3.5.	9,000	7,700
Reserves		770	1,697
Unappropriated surplus	3.7.	-239	151
		9,531	9,548
NON-CURRENT LIABILITIES			
Mezzanine subordinate loans	3.8.	16,924	12,053
Provisions for pensions and similar liabilities		8,080	7,282
Financial liabilities	3.8.	15,443	20,876
Other liabilities		804	807
Deferred tax liabilities		348	225
		41,599	41,243
CURRENT LIABILITIES			
Other provisions		1,530	1,129
Financial liabilities		4,675	873
Trade liabilities		12,032	7,075
Other liabilities		2,685	2,013
Current income tax liabilities		0	0
		20,922	11,090
Balance sheet total		72,052	61,881

Consolidated Statement of Earnings

	Notes	01.07.-30.09. 2007 TEUR	01.07.-30.09. 2006 TEUR	01.01.-30.09. 2007 TEUR	01.01.-30.09. 2006 TEUR
Sales revenue	4.1.	22,572	23,349	71,024	74,710
Other operating income		112	83	342	501
Costs of materials		-16,992	-17,699	-54,051	-57,370
Staffing costs		-2,393	-2,296	-6,955	-6,870
Other operating expenses		-2,239	-2,407	-7,639	-7,700
EBITDA		1,060	1,030	2,721	3,271
Amortisation and depreciation of intangible assets and property, plant and equipment		-112	-145	-340	-436
EBIT (operating result)		948	885	2,381	2,835
Financial earnings		-586	-600	-1,762	-1,913
EARNINGS BEFORE TAX		362	285	619	922
Income taxes	4.2.	-62	-104	-276	-378
NET CONSOLIDATED INCOME		300	181	343	544
Earnings per share (undiluted) in EUR	4.3.	0.10	0.06	0.11	0.18
Earnings per share (diluted) in EUR	4.3.	0.10	0.06	0.11	0.18

Consolidated Capital Finance Account

	30.09.2007 TEUR	30.09.2006 TEUR
EBIT	2,381	2,828
Depreciation on noncurrent assets	340	436
Gains on disposal on noncurrent assets	-6	0
Change of noncurrent provisions and other noncurrent liabilities	794	25
Other non-cash income and expenses	62	33
Interest payments	-176	-810
Income tax payments	-134	-402
Cash inflows / outflows from operating activities before change in current net assets	3,261	2,110
Change of current assets and liabilities		
Inventories	-216	-1,028
Trade receivables	-5,787	-4,653
Other receivables and other assets	-835	198
Financial liabilities	3,811	-5,861
Trade liabilities	4,958	2,673
Other liabilities and other items	1,190	365
Inflows / outflows from operating activities	6,382	-6,196
Inflows from disposal of noncurrent assets	28	0
Outflows for investment properties	-191	-478
Interest received	220	69
Dividends received	26	19
Current financial instruments	0	0
Inflows / outflows from investing activities	83	-390
Change of long-term financial liabilities		
Profit distribution	-360	0
Borrowing subordinated loan	4,800	12,000
Borrowing other long-term financial liabilities	0	2,500
Repayment long-term financial liabilities	-5,443	-366
Interest payments	-1,832	-1,170
Inflows / outflows from financing activities	-2,835	12,964
Changes in cash and cash equivalents	3,630	6,378
Cash and cash equivalents on 1 January	11,996	720
Cash and cash equivalents on 30 September	15,626	7,098

Statement of Changes to Shareholders' Equity

	Share capital TEUR	Capital reserves TEUR	Revenue reserves* TEUR	retained earnings brought forward TEUR	Net income TEUR	Total shareholders' equity TEUR
Shareholders' equity as at December 31, 2005	7,700	770	40	0	903	9,413
Transfer to retained earnings brought forward from 2005 net income				903	-903	
Profit January 1, to September 30, 2006					544	
Shareholders' equity as at September 30, 2006	7,700	770	40	903	544	9,957
Shareholders' equity as at December 31, 2006	7,700	770	927	0	151	9,548
Capital increase out of corporate funds	1,300		-1,300			
Transfer to retained earnings brought forward from 2006 net income				151	-151	
Profit distribution				-360		
Transfer from revenue reserves to retained earnings brought forward			373	-373		
Profit January 1, to September 30, 2007					343	
Shareholders' equity as at September 30, 2007	9,000	770	0	-582	343	9,531
* Currency translation differences incurred in previous years have been offset against revenue reserves.						

Consolidated Notes

1. General information about the consolidated financial statements

Brüder Mannesmann Aktiengesellschaft is a holding company whose operating subsidiaries operate in international trading of tools and valves. Two independently operating lines are established on the market, “Tools Trading” and “Valves Trading”. The subsidiary Brüder Mannesmann Grundbesitz GmbH operates exclusively as a company renting existing property. It does not operate on the market.

The registered business address of the group is: Lempstraße 24, 42859 Remscheid, Germany.

Brüder Mannesmann Aktiengesellschaft is entered into the Commercial Register of the Wuppertal District Court under HRB 11838.

Brüder Mannesmann Aktiengesellschaft is a listed company accepted for trading in the Prime Standard segment.

2. Accounting and valuation policies

2.1. Principles of preparing the financial statements

The consolidated financial statements of Brüder Mannesmann Aktiengesellschaft as at 31 December 2006 were prepared in accordance with the International Financial Reporting Standards (IFRS) accepted by the EU and valid on the reporting date of the financial statements.

The interim financial statements of the group as at 30 September 2007 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 2006 group financial report. For more information we refer to the annual financial report 2006. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 September 2007 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.

Scope of consolidation

The companies included in consolidation are the same as of 31 December 2006. Seven German (previous year seven) and one foreign (previous year one) subsidiary are controlled by Brüder Mannesmann Aktiengesellschaft in line with IAS 27 (Consolidated and Separate Financial Statements).

2.2. Application of new accounting policies

IFRS 7 (Financial Instruments: Disclosures) is applied by the Brüder Mannesmann Group in the financial statements for the financial year 2007. The application of the extended standard had no impact on the interim financial statements of Brüder Mannesmann Aktiengesellschaft.

No new accounting standards came into force in the third quarter. The International Financial Reporting Interpretations Committee published IFRIC 14 ("IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction") in the third quarter of 2007. This interpretation applies to financial years starting on or after 1 January 2008. The revised version of IAS 1 ("Presentation of Financial Statements") was also published. This standard applies to financial years starting on or after 1 January 2009. Brüder Mannesmann Aktiengesellschaft is currently examining the consequences that the new provisions will have for its consolidated financial statements.

3. Notes on the consolidated balance sheet

3.1. Intangible assets

Under goodwill, goodwill from capital consolidation is reported. The amortisation of the other intangible assets amounted to TEUR 141 (previous year TEUR 103).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 170 (previous year TEUR 56) and disposals amounted to TEUR 22 (previous year TEUR 0). Depreciation came out to TEUR 199 (previous year TEUR 333).

3.3. Deferred tax assets

Deferred tax assets break down as follows:

	30.09.2007 TEUR	31.12.2006 TEUR
Recoverable taxes from tax loss carryforwards	2,270	2,591
Deferred taxes on time valuation differences	1,183	1,000
Deferred taxes on consolidation adjustments	20	20
	3,473	3,611

3.4. Other noncurrent assets

Other noncurrent assets relate noncurrent deferred income of TEUR 151 (31 December 2006 TEUR 131).

3.5. Subscribed capital

In order to ensure its long-term corporate strategy and the sustained expansion of its equity base, the Company increased its subscribed capital by TEUR 9,000 by way of a capital increase from retained earnings in accordance with the provisions of the German Stock Corporation Act (sections 207 ff.). The capital increase was implemented through the partial conversion of the Company's revenue reserves in the amount of TEUR 1,300. No new shares were issued.

3.6. Authorised capital

In accordance with section 202 (3) of the German Stock Corporation Act, the Company is entitled to create authorised capital in the amount of up to 50% of its total share capital. Following the increase in its subscribed capital, Brüder Mannesmann Aktiengesellschaft created new authorised capital in the amount of TEUR 4,500 with a maximum authorisation of five years. The Articles of Association were amended accordingly.

3.7. Unappropriated surplus

The unappropriated surplus items contains the consolidated net income of the reporting period of TEUR 343 (previous year TEUR 544) and the profit carried forward of TEUR 151 (previous year TEUR 903).

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

3.8. Financial liabilities

During the reporting period the group took up a mezzanine subordinate loan with a nominal volume of TEUR 5,000. Creditor is the H.E.A.T. Mezzanine S.A. Luxemburg. The current interest rate come to 8.251%.

The carrying amount on 30 September 2007 contains the amount disbursed taking account of a discount. The loan is subordinate to claims of all existing and future creditors. The loan duration is seven years.

The mezzanine subordinate loan was used to pay back a bank loan about TEUR 4,800.

4. Notes on the consolidated income statement

4.1. Sales

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 comprises the following:

	30.09.2007 TEUR	30.09.2006 TEUR
Actual tax expenses	-16	-181
Deferred tax expenses	-260	-197
	-276	-378

4.3. Earnings per share

Earnings per share is calculated on the basis of the net income/loss and the number of outstanding shares (in both years unchanged at 3,000,000 shares).

There were no dilutive options. Diluted earnings per share thus is the same as undiluted earnings per share.

5. Segment reporting

	Tools 30.09.2007 TEUR	Valves 30.09.2007 TEUR	Land 30.09.2007 TEUR	Reconciliation 30.09.2007 TEUR	Group 30.09.2007 TEUR
Revenue with third parties	49,461	20,966	597	0	71,024
Revenue with other segments	0	0	448	-448	0
Total revenues	49,461	20,966	1,045	-448	71,024
Revenues by region					
Germany	26,692	20,176	597	0	47,465
Outside Germany	22,769	790	0	0	23,559
Of which EU	16,441	663	0	0	17,104
Result	2,029	760	682	-3,128	343
Assets	35,926	8,426	13,449	14,251	72,052
Liabilities	17,801	4,208	151	40,361	62,521
Investments in assets	123	47	1	0	171
Depreciation	-193	-85	-77	15	-340
Non-cash expenses excluding depreciation	-394	-13	0	-722	-1,129
Number of employees (average figure for the year) (without trainees)					
	75	53	0	5	133

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.

Segment reporting was prepared in line with the regulations of IAS 14 (Segment Reporting). In line with the internal reporting structure, the individual annual financial statement data is divided into the company segments of tools, valves and land. Transactions between segments were conducted at standard market conditions.

The segment information is based on the same accounting information as the consolidated financial statements as at 31 December 2006.

Tool 30.09.2006 TEUR	Valves 30.09.2006 TEUR	Land 30.09.2006 TEUR	Reconciliation 30.09.2006 TEUR	Group 30.09.2006 TEUR
52,945	21,167	598	0	74,710
0	0	446	-446	0
52,945	21,167	1,044	-446	74,710
32,374	20,624	598	0	53,596
20,571	543	0	0	21,114
13,120	480	0	0	13,600
1,726	850	486	-2,518	544
35,357	8,578	13,441	6,011	63,387
14,265	4,848	181	34,136	53,430
456	17	0	5	478
-152	-83	-212	11	-436
-1,261	-25	0	-197	-1,483
77	55	0	5	137

6. Supplementary information

In the reporting period the company executed interest rate optimisation transactions on an underlying totaling €25.0 million. The swap transactions are not to be classified as a derivative held for hedging purposes and are thus carried at fair value. For an underlying of €12.5 million, the company included expenses of TEUR 460 to cover risks. Otherwise fair values in line with IAS 39.A or alternatively in line with the DCF method are TEUR 75.

Remscheid, November 2007
Brüder Mannesmann Aktiengesellschaft,
Board of Management



Jürgen Schafstein
Chairman of the
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Bernd Schafstein