Three months' statement 2008

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Group interim management report

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Brüder Mannesmann Aktiengesellschaft is a holding company for its operating subsidiaries. The holding combines two independently operating divisions, "Tool Trade" and "Valve Trade", 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 decades and which is mostly still used for the company's own business operations.

Tools trade

In the first quarter of 2008, sales in the Tools division totalled € 13.6 million after € 20.7 million in the corresponding quarter of the previous year. This decline is due firstly to the industry trend and secondly to the high level of the previous year. The previous year saw extremely strong promotional business that was not repeatable in an identical fashion, creating a difficult standard of comparison. International business rose from 38.5% to 48.8%.

Valves trade

In the Valves division, the encouraging trend of the previous year continued. In the first quarter of 2008, sales reached € 8.1 million as compared with € 5.8 million in the corresponding quarter of the previous year.

Group business development

In the first quarter of 2008, consolidated sales totalled € 21.9 million as against € 26.6 million in the previous year's quarter. EBIT (operating result) rose to over € 0.9 million (previous year's quarter: € 0.6 million). This resulted in an EBIT margin of over 4% after 2.2% in the corresponding period of the previous year. Consolidated net income also saw a significant improvement. We thus succeeded in appreciably increasing earnings quality.

Outlook

In the next two quarters, business development in the Tools division is likely to continue to be negatively impacted by the concentration process observed among business groups. As expected, the fall in sales posted in this area in fiscal year 2007 continued in the first quarter of 2008. An upturn is not expected to set in until September 2008 at the earliest, which means that it will probably not be possible to compensate this sales shortfall during the current year. A continuation of the positive trend is to be expected in the Valves division, although it remains to be seen whether the momentum of the first quarter of 2008 can be sustained at its current level.

The negative impact of rapidly increasing energy prices may prove to be a risk factor. Private consumers' propensity to consume and that of industry to invest is expected to decline significantly. The extent to which this will weaken the economy is as yet unknown and the consequences of these external factors for our company's own development remain to be seen.

Remscheid, May 2008
Brüder Mannesmann Aktiengesellschaft,
The Board of Management

Jürgen Schafstein Chairman of the Board of Management	Bernd Schafstein

Consolidated Balance Sheet

Assets in TEUR	Notes	31.03.2008	31.12.2007
Non-current assets			
Goodwill		3,845	3,845
Other intangible assets	3.1.	591	638
Property, plant and equipment	3.2.	7,098	7,189
Investment property		8,377	8,377
Financial assets		636	636
Deferred tax assets	3.3.	2,492	2,599
Other assets		134	142
		23,173	**23,426**
Current assets			
Inventories		15,065	14,641
Trade receivables		14,590	10,808
Other receivables and other assets		1,241	1,791
Assets for current tax		258	420
Investments		3,665	3,792
Cash and cash equivalents		18,077	8,209
		52,896	**39,661**
Balance sheet total		**76,069**	**63,087**

Liabilities in TEUR	Notes	31.03.2008	31.12.2007
Equity	3.4.		
Share capital		9,000	9,000
Reserves		770	770
Accumulated losses brought forward		-1,063	-1,188
Net consolidated income		168	125
		8,875	**8,707**
Non-current liabilities			
Mezzanine subordinate loans		16,974	16,949
Provisions for pensions and similar liabilities		8,470	8,320
Financial liabilities		15,018	15,233
Other liabilities		803	803
Deferred tax liabilities		649	639
		41,914	**41,944**
Current liabilities			
Other provisions		1,317	1,527
Financial liabilities	3.5.	12,146	3,797
Trade liabilities		8,686	5,035
Other liabilties		3,131	2,065
Current income tax liabilities		0	12
		25,280	**12,436**
Balance sheet total		**76,069**	**63,087**

Consolidated Statement of Earnings

In TEUR	Notes	01.01.-31.03.2008	01.01.-31.03.2007
Sales revenue	4.1.	21,910	26,628
Other operating income		77	77
Costs of materials		-16,634	-20,647
Staffing costs		-1,992	-2,224
Other operating expenses		-2,303	-3,137
EBITDA		**1,058**	**697**
Amortisation and depreciation of intangible assets and property, plant and equipment		-123	-114
EBIT (operating result)		**935**	**583**
Financial earnings		-585	-557
Earnings before tax		**350**	**26**
Income taxes	4.2.	-182	-23
Net consolidated income		**168**	**3**
Earnings per share (undiluted) in EUR	**4.3.**	**0.06**	**0.00**
Earnings per share (diluted) in EUR	**4.3.**	**0.06**	**0.00**

Consolidated Capital Finance Account

in TEUR		31.03.2008	31.03.2007
EBIT		935	1,044
Depreciation on noncurrent assets		123	114
Gains on disposal on noncurrent assets		0	-6
Change of noncurrent provisions and other noncurrent liabilities		150	186
Other non-cash income and expenses		30	22
Interest payments		-162	-47
Income tax payments		-65	-89
Cash inflows / outflows from operating activities before change in current net assets		**1,011**	**1,224**
Change of current assets / liabilities			
Inventories		-424	2,419
Trade receivables		-3,782	-9,150
Other receivables and other assets		712	-1,247
Financial liabilities		8,344	4,246
Trade liabilities		3,651	3,006
Other liabilities and other items		844	268
Inflows / outflows from operating activities		**10,356**	**766**
Inflows from disposal of noncurrent assets		43	17
Outflow for investment properties		-25	-65
Interest received		166	102
Investments		127	0
Inflows / outflows from investing activities		**311**	**54**
Change of long-term financial liabilities			
Borrowing subordinated loan		0	4,800
Repayment long-term financial liabilities		-210	-5,036
Interest payment		-589	-608
Inflows / outflows from financing activities		**-799**	**-844**
Changes in cash and cash equivalents		**9,868**	**-24**
Cash and cash equivalents on 1 January		**8,209**	**11,996**
Cash and cash equivalents on 31 March		**18,077**	**11,972**

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, 2006	**7,700**	**770**	**927**	**0**	**151**	**9,548**
Transfer to accumulated losses brought forward from 2006 net income				151	-151	
Profit January 1, to March 31, 2007					3	
Shareholders'equity as at March 31, 2007	**7,700**	**770**	**927**	**151**	**3**	**9,551**
Shareholders'equity as at December 31, 2007	**9,000**	**770**	**0**	**-1,188**	**125**	**8,707**
Transfer to accumulated losses brought forward from 2007 net income				125	-125	
Profit January 1, to March 31, 2008					168	
Shareholders'equity as at March 31, 2008	**9,000**	**770**	**0**	**-1,063**	**168**	**8,875**

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 independent operating lines – 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 property 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) in conjunction with EU Directive 1606/2002 dated 19 July 2002, the consolidated financial statements of Brüder Mannesmann Aktiengesellschaft for the year ended 31 December 2007 were prepared on the basis of the applicable International Financial Reporting Standards (IFRSs) adopted by the EU at the balance sheet date.

The interim financial statements of the group as at 31 March 2008 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 2007 group financial report. For more information we refer to the annual financial report 2007. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 31 March 2008 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. Basis of consolidation

In addition to Brüder Mannesmann Aktiengesellschaft, the consolidated financial statements include all of the subsidiaries whose financial and business policy are controlled by Brüder Mannesmann Aktiengesellschaft on account of it holding a majority of the voting rights or in accordance with the relevant articles of association, partnership agreement or other contractual arrangements, with the exception of one subsidiary.

A total of seven German subsidiaries (previous year: seven) and one foreign subsidiary (previous year: one) controlled by Brüder Mannesmann Aktiengesellschaft in accordance with IAS 27 (Consolidated and Separate Financial Statements) are included in the consolidated financial statements

2.3. Application of new accounting policies

The following Interpretations were applied for the first time in the first quarter 2008:

IFRIC 11
(IFRS 2 – Group and Treasury Share Transactions)

IFRIC 12
(Service Concession Arrangements)

IFRIC 14
(IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)

The application of these financial reporting rules had no impact on the interim financial statements of Brüder Mannesmann Aktiengesellschaft.

The following financial reporting rules issued during the first quarter 2008:

revised version of IFRS 3
(Business Combinations)

IAS 27
(Consolidated and Separate Financial Statements)

In addition the following amendments to Standards were also issued:

Amendment to IFRS 2
(Vesting Conditions and Cancellations)

Amendment to IAS 32 and IAS 1
(Puttable Financial Instruments and Obligations Arising on Liquidation)

Brüder Mannesmann Aktiengesellschaft is currently examining the impact of the new regulations on the consolidated financial statements.

3. Disclosures on the consolidated balance sheet

3.1. Intangible assets

The amortisation of the other intangible assets amounted to TEUR 48 (previous year TEUR 48).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 25 (previous year TEUR 29), disposals amounted to TEUR 43 (previous year TEUR 10). Depreciation come out to TEUR 75 (previous year TEUR 66).

3.3. Deferred tax assets

Deferred tax assets are composed as follows:

Deferred tax assets in TEUR	**31.03.2008**	**31.12.2007**
Deferred tax assets from tax loss carryforwards	1,388	1,446
Deferred taxes from timing differences	740	789
Deferred taxes from derivative financial instruments	343	343
Deferred taxes from consolidation adjustments	21	21
	2,492	**2,599**

3.4. Equity

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

3.5. Financial liabilities

The current financial liabilities are different to the financial statements as at 31. December 2007 because of increase of the credit in current account.

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	31.03.2008	31.03.2007
Actual tax expenses	-64	-2
Deferred tax expenses	-118	-21
	-182	**-23**

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

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

5. Segment Reporting

in TEUR	Tools 31.03.2008	Valves 31.03.2008	Land 31.03.2008	Reconciliation 31.03.2008	Group 31.03.2008
Revenue with third parties	13,630	8,082	198	0	21,910
Revenue with other segments	0	0	152	-152	0
Total revenues	13,630	8,082	350	-152	21,910
Revenues by region					
Germany	6,982	7,716	198	0	14,896
Outside Germany Of which EU	6,648 4,726	366 226	0 0	0 0	7,014 4,952
Result	506	445	215	-998	168
Assets	41,312	8,777	13,433	12,547	76,069
Liabilities	14,553	3,874	119	48,648	67,194
Investments in assets	17	4	0	4	25
Depreciation	-76	-26	-25	4	-123
Non-cash expenses excluding depreciation	-120	-5	0	-247	-372
Number of employees (average figure for the year without trainees)	78	53	0	5	136

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 31.03.2007	Valves 31.03.2007	Land 31.03.2007	Reconciliation 31.03.2007	Group 31.03.2007
	20,653	5,775	200	0	26,628
	0	0	148	-148	0
	20,653	5,775	348	-148	26,628
	12,696	5,516	200	0	18,412
	7,957 6,009	259 170	0 0	0 0	8,216 6,179
	801	120	230	-1,148	3
	34,803	6,871	13,504	14,711	69,889
	16,826	3,097	171	40,244	60,338
	24	5	0	36	65
	-65	-27	-27	5	-114
	-119	0	0	-275	-394
	74,5	52	0	5,5	132

Segment reporting was prepared in accordance with IAS 14 (Segment Reporting). Reflecting the Group's internal reporting structure, the figures contained in the annual financial statements are broken down into the Tools, Valves and Land segments. Transactions between these segments were conducted at standard market conditions.

The segment information is based on the same accounting principles as the consolidated financial statements as at 31 December 2007. The key non-cash items are changes in provisions, valuation adjustments and changes in deferred taxes.

Remscheid, May 2008
Brüder Mannesmann Aktiengesellschaft,
The Board of Management


Jürgen Schafstein
Chairman of the
Board of Management

Bernd Schafstein