



## Nine months' statement 2010

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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 Trading" and "Valve Trading", 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 for decades and which is mostly still used for the company's own business operations.

### Tools Trading

Tools Trading reported sales of € 27.1 million as at 30 September 2010, marking an increase of € 2.9 million and 11.9 % compared with the same period of the previous year. Sales generated in the third quarter of 2010 alone reached € 9.2 million (€ 7.8 million in previous year), which is an increase of around 18 %. Operating earnings (EBIT) were also up significantly as at 30 September 2010, having risen from € 0.65 million to € 1.06 million.

### Valves Trading

Valves Trading recorded sales of € 22.1 million as at 30 September 2010, which is just shy of the previous year's figure of € 22.5 million. Third-quarter 2010 sales came in at € 7.0 million, marking a decline from the € 8.5 million generated in the third quarter of 2009.

### Group business performance

Consolidated sales reached € 49.5 million as at 30 September 2010 (€ 47.1 million in the previous year), marking a 5.1 % increase. Third-quarter sales alone were € 16.4 million, accounting for approximately one-third of total 2010 sales to date.

Operating earnings (EBIT) were just under € 1.9 million as at 30 September 2010, marking a substantial increase from the € 1.5 million figure from the previous year. The EBIT margin rose disproportionately to sales, improving from 3.2 % to a good 3.8 %.

## Outlook

The Group's sound business performance in the third quarter of 2010 has led to the continuation of the positive trend established in the previous quarters and in particular to stronger profits. For the year 2010 as a whole, the Group will likely experience an increase in sales compared with the previous year and at the same time achieve satisfactory profits.

The geopolitical situation and the proper functioning of the European Monetary System continue to represent risk factors that could impair the Group's future performance. Provided that these risk factors neither create new obstacles that lead to a protracted deterioration of consumer confidence and/or the investment climate nor bring about another economic crisis, the operating environment for the Group is likely to return to normal for the 2011 financial year. This favourable environment will provide the Group with the opportunity to achieve growth rates.

Remscheid, November 2010  
Brüder Mannesmann Aktiengesellschaft,  
The Board of Management



Jürgen Schafstein  
Chairman of the  
Board of Management



Bernd Schafstein

## Consolidated Balance Sheet

Assets in TEUR	Notes	30.09.2010	31.12.2009
Non-current assets			
Goodwill	3.1.	3,845	3,845
Other intangible assets	3.1.	335	429
Property, plant and equipment	3.2.	7,901	7,480
Investment property		8,377	8,377
Financial assets	3.3.	2,213	2,140
Deferred tax assets	3.4.	2,241	2,177
Other assets		362	137
		<b>25,274</b>	<b>24,585</b>
Current assets			
Inventories		12,733	11,542
Trade receivables		10,131	9,891
Other receivables and other assets		3,323	1,309
Assets for current tax		141	82
Investments		2,415	1,303
Cash and cash equivalents		10,822	14,229
		<b>39,565</b>	<b>38,356</b>
<b>Balance sheet total</b>		<b>64,839</b>	<b>62,941</b>

Liabilities in TEUR	Notes	30.09.2010	31.12.2009
Equity	3.5.		
Share capital		9,000	9,000
Reserves		770	770
Accumulated losses brought forward		-1,819	-1,883
Net consolidated income		17	64
		<b>7,968</b>	<b>7,951</b>
Non-current liabilities			
Mezzanine subordinate loans		17,223	17,148
Provisions for pensions and similar liabilities		11,406	10,890
Financial liabilities		13,335	13,462
Other liabilities		2,770	3,674
Deferred tax liabilities		544	508
		<b>45,278</b>	<b>45,682</b>
Current liabilities			
Other provisions		1,106	740
Financial liabilities		1,037	1,044
Trade liabilities		6,437	5,627
Other liabilities		2,992	1,891
Current income tax liabilities		21	6
		<b>11,593</b>	<b>9,308</b>
<b>Balance sheet total</b>		<b>64,839</b>	<b>62,941</b>

## Consolidated Statement of Earnings

in TEUR	Notes	01.07.-30.09.2010	01.07.-30.09.2009	01.01.-30.09.2010	01.01.-30.09.2009
Sales revenue	4.1.	16,402	16,403	49,507	47,111
Other operating income		154	126	554	365
Costs of materials		-11,901	-11,988	-36,076	-34,030
Staffing costs		-2,091	-2,038	-6,322	-6,545
Other operating expenses		-1,793	-1,680	-5,500	-5,120
<b>EBITDA</b>		<b>771</b>	<b>823</b>	<b>2,163</b>	<b>1,781</b>
Amortisation and depreciation of intangible assets and property, plant and equipment		-96	-105	-287	-316
<b>EBIT (operating result)</b>		<b>675</b>	<b>718</b>	<b>1,876</b>	<b>1,465</b>
Results from equity investments		0	0	0	0
Financial income		0	25	77	65
Financial expense		-668	-654	-1,942	-2,025
<b>Earnings before tax</b>		<b>7</b>	<b>89</b>	<b>11</b>	<b>-495</b>
Income taxes	4.2.	9	-32	6	140
<b>Net consolidated income</b>		<b>16</b>	<b>57</b>	<b>17</b>	<b>-355</b>
<b>Earnings per share (undiluted) in EUR</b>	4.3.	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>	<b>-0.12</b>
<b>Earnings per share (diluted) in EUR</b>	4.3.	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>	<b>-0.12</b>

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

in TEUR		01.07.-30.09.2010	01.07.-30.09.2009	01.01.-30.09.2010	01.01.-30.09.2009
Net consolidated income		16	57	17	-355
Transactions recognised directly in equity		0	0	0	0
<b>Total comprehensive income</b>		<b>16</b>	<b>57</b>	<b>17</b>	<b>-355</b>

## Consolidated Capital Finance Account

in TEUR		30.09.2010	30.09.2009
EBIT		1,876	1,465
Depreciation on noncurrent assets		287	316
Gains on disposal on noncurrent assets		0	0
Change of noncurrent provisions and other noncurrent liabilities		-387	525
Other non-cash income and expenses		-152	100
Interest payments		-15	-9
Income tax payments		-21	0
<b>Cash inflows / outflows from operating activities before change in current net assets</b>		<b>1,588</b>	<b>2,397</b>
Change of current assets / liabilities			
Inventories		-1,191	1,594
Trade receivables		-240	588
Other receivables and other assets		-2,073	-388
Financial liabilities		29	0
Trade liabilities		810	977
Other liabilities and other items		1,482	229
<b>Inflows / outflows from operating activities</b>		<b>405</b>	<b>5,397</b>
Inflows from disposal of noncurrent assets		0	0
Outflow for investment properties		-1,246	-904
Interest received		67	53
Dividends received		10	12
Investments		-553	0
Current financial instruments		0	0
<b>Inflows / outflows from investing activities</b>		<b>-1,722</b>	<b>-839</b>
Change of long-term financial liabilities			
Borrowing subordinated loan		0	0
Borrowing long-term financial liabilities		507	0
Repayment long-term financial liabilities		-670	-664
Repayment other liabilities		0	0
Interest payment		-1,927	-2,016
Distribution of profits		0	0
<b>Inflows / outflows from financing activities</b>		<b>-2,090</b>	<b>-2,680</b>
<b>Changes in cash and cash equivalents</b>		<b>-3,407</b>	<b>1,878</b>
<b>Cash and cash equivalents on 1 January</b>		<b>14,229</b>	<b>13,473</b>
<b>Cash and cash equivalents on 30 September</b>		<b>10,822</b>	<b>15,351</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, 2008</b>	9,000	770	0	-1,363	-520	7,887
Transfer to earnings reserves from 2008 net income				-520	520	
Profit January 1, to September 30, 2009					-355	
<b>Shareholders' equity as at September 30, 2009</b>	9,000	770	0	-1,883	-355	7,532
<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



# 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 independently operating divisions – 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 properties 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) and the International Financial Standards (IFRS) assumed by the EU the consolidated financial statements of Brüder Mannesmann Aktiengesellschaft for the year ended 31 December 2009 were prepared.

The interim financial statements of the group as at 30 September 2010 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 2009 group financial report. For more information we refer to the annual financial report 2009. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 September 2010 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. Application of new accounting policies

The following accounting standards and interpretations are mandatory from the 2010 financial year onwards:

- IFRS 1 (Additional Exemptions for First-time Adopters)
- IFRS 1 (First-time Adoption of IFRSs)
- IFRS 2 (Share-based Payment)
- IFRS 3 (Business Combinations)
- IAS 27 (Consolidated and Separate Financial Statements)
- IAS 39 (Eligible Hedged Items)
- Improvements to IFRSs
- IFRIC 17 (Distributions of Non-cash Assets to Owners)
- IFRIC 18 (Transfers of Assets from Customers)

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

The following accounting standards were passed by the IASB in the first three quarters of 2010. However, these are not applicable to the reporting period and were not taken into account:

- IFRS 1 (Limited Exemption from Comparative IFRS 7 Disclosures)
- Amendments to IFRS 1 (Additional Exemptions for First-time Adopters)
- Amendments to IFRS 1 (Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters)
- Amendment to IFRIC 14 (Prepayments of a Minimum Funding Requirement)
- Revised IAS 24 (Related Party Disclosures)
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

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

The amortisation of the other intangible assets amounted to TEUR 94 (previous year TEUR 129).

#### 3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 615 (previous year TEUR 375) and depreciation come out to TEUR 194 (previous year TEUR 187).

#### 3.3. Financial assets

Additions to financial assets amounted to TEUR 632 (previous year TEUR 529), disposals come out to 559 TEUR (previous year 0 TEUR).

#### 3.4. Deferred tax assets

Deferred tax assets are composed as follows:

Deferred tax assets in TEUR	30.09.2010	31.12.2009
Deferred tax assets from tax loss carryforwards	1,392	1,251
Deferred taxes from timing difference	717	804
Deferred taxes from derivative financial instruments	110	104
Deferred taxes from consolidation adjustments	22	18
	<b>2,241</b>	<b>2,177</b>

#### 3.5. Equity

The development of equity is 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	30.09.2010	30.09.2009
Actual tax expenses	-21	0
Deferred tax revenues	63	173
Deferred tax expenses	-36	-33
	<b>6</b>	<b>140</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 were no dilutive options, meaning that diluted and basic earnings per share are identical.

## 5. Segment Reporting

in TEUR	Tools 30.09.2010	Valves 30.09.2010	Land 30.09.2010	Reconciliation 30.09.2010	Group 30.09.2010
Revenue with third parties	27,122	22,052	333	0	49,507
Revenue with other segments	0	0	544	-544	0
<b>Total revenues</b>	<b>27,122</b>	<b>22,052</b>	<b>877</b>	<b>-544</b>	<b>49,507</b>
Revenues by region					
Germany	13,347	20,288	333	0	33,968
Outside Germany	13,775	1,764	0	0	15,539
Of which EU	8,299	1,620	0	0	9,919
<b>EBITDA</b>	<b>1,188</b>	<b>597</b>	<b>569</b>	<b>-191</b>	<b>2,163</b>
Depreciation	-133	-103	-66	15	-287
<b>EBIT (operating result)</b>	<b>1,055</b>	<b>494</b>	<b>503</b>	<b>-176</b>	<b>1,876</b>
Result from equity investments					0
Financial income					77
Financial expenses					-1,942
<b>EBT (earnings before tax)</b>					<b>11</b>
Income taxes					6
<b>Net consolidated income</b>					<b>17</b>
Assets	28,582	10,379	13,239	12,639	64,839
Liabilities	16,949	4,123	103	35,696	56,871
Investments in assets	25	586	0	2	613
Non-cash expenses excluding depreciation	-351	0	0	-178	-529
Number of employees (average figure for the year without trainees)	62	57	0	5	124

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 30.09.2009	Valves 30.09.2009	Land 30.09.2009	Reconciliation 30.09.2009	Group 30.09.2009	
	24,234	22,454	423	0	47,111	
	0	0	456	-456	0	
	<b>24,234</b>	<b>22,454</b>	<b>879</b>	<b>-456</b>	<b>47,111</b>	
	11,955	20,875	423	0	33,253	
	12,279	1,579	0	0	13,858	
	7,446	1,457	0	0	8,903	
	<b>824</b>	<b>1,154</b>	<b>572</b>	<b>-769</b>	<b>1,781</b>	
	-172	-91	-66	13	-316	
	<b>652</b>	<b>1,063</b>	<b>506</b>	<b>-756</b>	<b>1,465</b>	
					0	
					65	
					-2,025	
					<b>-495</b>	
					140	
					<b>-355</b>	
	29,659	11,494	13,315	13,243	67,711	
	18,184	6,324	118	35,553	60,179	
	10	359	0	535	904	
	-297	0	0	-484	-781	
	68	56	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 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 2010  
Brüder Mannesmann Aktiengesellschaft,  
The Board of Management



Jürgen Schafstein  
Chairman of the  
Board of Management



Bernd Schafstein