BRÜDER MANNESMANN
REMSCHEID AKTIENGESELLSCHAFT

Nine months' statement 2008

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Group interim management report

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

Tools Trading

As expected, sales in the Tools Trading division in the first three quarters of 2008 failed at € 33.4 million to match up to the previous year's figure of € 49.5 million. Nevertheless, earnings performance was more than satisfying with a positive result of € 1.2 million. Alongside the high starting basis of the previous year, the decline in sales also reflects the sharp downturn in the propensity to consume which particularly gained in impact in the third quarter due to the dramatic worsening of the financial crisis.

Valves Trading

With sales growth of 35.7 % or € 7.5 million to € 28.5 million as at 30 September 2008, the Valves Trading division performed very positively. As well as expanded activities with existing customers, the sales increase also comprises a high proportion of sales with new customers. Earnings were increased to € 1.8 million.

Group business performance

Consolidated sales as at 30 September 2008 amounted to € 62.5 million, down from € 71.0 million in the same period of the previous year. At € 21.7 million, consolidated sales only came very close to the previous year's figure of € 22.6 million in the third quarter of 2008. EBIT as at 30 September 2008 increased from just under € 2.4 million in the same period last year to a good € 3.0 million, which is due especially to the significantly greater profitability of the Valves Trading division. This has enabled the Brüder Mannesmann Group to be brought very successfully through the particularly difficult economic environment prevailing at present.

Outlook

In view of the current critical situation of the economy there can be no expectation of maintaining the dimension of sales seen in the previous year. Instead, a further deterioration in the propensity to consume and invest and therefore declining business performance are to be expected in the next two quarters. The aim is to maintain the group's high profitability even when sales levels are lower.

A particular risk lies in the possibility of the recession being further exacerbated if the rise in consumer uncertainty gets out of hand. This would result in an exaggeration of the crisis with unforeseeable consequences.

Remscheid, November 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	30.09.2008	31.12.2007
Non-current assets			
Goodwill		3,845	3,845
Other intangible assets	3.1.	503	638
Property, plant and equipment	3.2.	7,044	7,189
Investment property		8,377	8,377
Financial assets	3.3.	653	636
Deferred tax assets	3.4.	2,435	2,599
Other assets		118	142
		22,975	**23,426**
Current assets			
Inventories		16,087	14,641
Trade receivables		13,236	10,808
Other receivables and other assets		1,364	1,791
Assets for current tax		264	420
Investments	3.5.	2,207	3,792
Cash and cash equivalents		13,167	8,209
		46,325	**39,661**
Balance sheet total		**69,300**	**63,087**

Liabilities in TEUR	Notes	30.09.2008	31.12.2007
Equity	3.6.		
Share capital		9,000	9,000
Reserves		770	770
Accumulated losses brought forward		-1,363	-1,188
Net consolidated income		351	125
		8,758	**8,707**
Non-current liabilities			
Mezzanine subordinate loans		17,023	16,949
Provisions for pensions and similar liabilities		8,769	8,320
Financial liabilities		14,582	15,233
Other liabilities		803	803
Deferred tax liabilities		671	639
		41,848	**41,944**
Current liabilities			
Other provisions		1,266	1,527
Financial liabilities		3,994	3,797
Trade liabilities		9,476	5,035
Other liabilties		3,958	2,065
Current income tax liabilities		0	12
		18,694	**12,436**
Balance sheet total		**69,300**	**63,087**

Consolidated Statement of Earnings

in TEUR	Notes	01.07.-30.09.2008	01.07.-30.09.2007	01.01.-30.09.2008	01.01.-30.09.2007
Sales revenue	4.1.	21,655	22,572	62,510	71,024
Other operating income		260	112	488	342
Costs of materials		-16,358	-16,992	-46,931	-54,051
Staffing costs		-2,100	-2,393	-6,197	-6,955
Other operating expenses		-2,418	-2,239	-6,556	-7,639
EBITDA		**1,039**	**1,060**	**3,314**	**2,721**
Amortisation and depreciation of intangible assets and property, plant and equipment		-100	-112	-308	-340
EBIT (operating result)		**939**	**948**	**3,006**	**2,381**
Financial earnings		-1,107	-586	-2,455	-1,762
Earnings before tax		**-168**	**362**	**551**	**619**
Income taxes	4.2.	252	-62	-200	-276
Net consolidated income		**84**	**300**	**351**	**343**
Earnings per share (undiluted) in EUR	4.3.	**0.03**	**0.10**	**0.12**	**0.11**
Earnings per share (diluted) in EUR	4.3.	**0.03**	**0.10**	**0.12**	**0.11**

Consolidated Capital Finance Account

in TEUR		30.09.2008	30.09.2007
EBIT		3,006	2,381
Depreciation on noncurrent assets		308	340
Gains on disposal on noncurrent assets		0	-6
Change of noncurrent provisions and other noncurrent liabilities		449	794
Other non-cash income and expenses		100	62
Interest payments		-381	-176
Income tax payments		-4	-134
Cash inflows / outflows from operating activities before change in current net assets		**3,478**	**3,261**
Change of current assets / liabilities			
Inventories		-1,446	-216
Trade receivables		-2,428	-5,787
Other receivables and other assets		583	-835
Financial liabilities		202	3,811
Trade liabilities		4,441	4,958
Other liabilities and other items		1,620	1,190
Inflows / outflows from operating activities		**6,450**	**6,382**
Inflows from disposal of noncurrent assets		46	28
Outflow for investment properties		-92	-191
Interest received		452	220
Dividends received		38	26
Investments		1,585	0
Inflows / outflows from investing activities		**2,029**	**83**
Change of long-term financial liabilities			
Profit distribution		-300	-360
Borrowing subordinated loan		0	4,800
Repayment long-term financial liabilities		-656	-5,443
Interest payment		-2,564	-1,832
Inflows / outflows from financing activities		**-3,520**	**-2,835**
Changes in cash and cash equivalents		**4,959**	**3,630**
Cash and cash equivalents on 1 January		**8,209**	**11,996**
Cash and cash equivalents on 30 September		**13,168**	**15,626**

Statement of Changes to Shareholders' Equity

in TEUR	Share capital	Capital reserves	Revenue reserves	Retained earnings brought forward	Net income	Total share-holders' equity
Shareholders' equity as at December 31, 2006	**7,700**	**770**	**927**	**0**	**151**	**9,548**
Increase of share capital	1,300		-1,300			
Transfer to accumulated losses brought forward from 2006 net income				151	-151	
Profit distribution				-360		
Reclassification to the result 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**
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 distribution				-300		
Profit January 1, to September 30, 2008					351	
Shareholders' equity as at September 30, 2008	**9,000**	**770**	**0**	**-1,363**	**351**	**8,758**

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 30 September 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 30 September 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 two subsidiaries.

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.

3. Disclosures on the consolidated balance sheet

3.1. Intangible assets

The amortisation of the other intangible assets amounted to TEUR 135 (previous year TEUR 141).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 74 (previous year TEUR 170), disposals amounted to TEUR 46 (previous year TEUR 22). Depreciation come out to TEUR 173 (previous year TEUR 199).

3.3. Financial assets

Additions to the financial assets amounted to TEUR 17 (previous year TEUR 0) are the expenses for the foundation of a subsidiary.

3.4. Deferred tax assets

Deferred tax assets are composed as follows:

Deferred tax assets in TEUR	**30.09.2008**	**31.12.2007**
Deferred tax assets from tax loss carryforwards	1,339	1,446
Deferred taxes from timing differences	732	789
Deferred taxes from derivative financial instruments	343	343
Deferred taxes from consolidation adjustments	21	21
	2,435	**2,599**

3.5. Investments

The decrease of investments is most of all caused by disposal and temporary write-offs.

3.6. 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	30.09.2008	30.09.2007
Actual tax expenses	-3	-16
Deferred tax expenses	-197	-260
	-200	**-276**

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

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, November 2008
Brüder Mannesmann Aktiengesellschaft,
The Board of Management

Jürgen Schafstein Chairman of the Board of Management	Bernd Schafstein

Segment report by segment and region

in TEUR	Tools 30.09.2008	Valves 30.09.2008	Land 30.09.2008	Reconciliation 30.09.2008	Group 30.09.2008
Revenue with third parties	33,370	28,539	601	0	62,510
Revenue with other segments	0	0	456	-456	0
Total revenues	33,370	28,539	1,057	-456	62,510
Revenues by region					
Germany	15,540	27,366	601	0	43,507
Outside Germany Of which EU	17,830 12,023	1,173 1,021	0 0	0 0	19,003 13,044
Result*	1,217	1,797	706	-3,369	351
Assets	33,251	11,360	13,421	11,268	69,300
Liabilities	14,860	5,109	115	40,458	60,542
Investments in assets	33	17	11	29	90
Depreciation	-175	-78	-69	14	-308
Non-cash expenses excluding depreciation	-360	-14	0	-262	-636
Number of employees (average figure for the year without trainees)	76	53	0	5	134

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.

*The result of the segments is the EBIT.

Tools 30.09.2007	Valves 30.09.2007	Land 30.09.2007	Reconciliation 30.09.2007	Group 30.09.2007
49,461	20,966	597	0	71,024
0	0	448	-448	0
49,461	20,966	1,045	-448	71,024
26,692	20,176	597	0	47,465
22,769 16,441	790 663	0 0	0 0	23,559 17,104
2,029	760	682	-3,128	343
35,926	8,426	13,449	14,251	72,052
17,801	4,208	151	40,361	62,521
123	47	1	0	171
-193	-85	-77	15	-340
-394	-13	0	-722	-1,129
75	53	0	5	133