BRÜDER MANNESMANN
REMSCHEID AKTIENGESELLSCHAFT

Three 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 Values 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 the first quarter of 2007, revenues in the Tools Trading operating line totalled €20.7 million after €20.0 million in the corresponding period of the previous year. There was thus an improvement on the very good development of the previous year. Decisive here was the good market positioning which resulted in growth across all customer segments. The international share increased from 35.0% to 38.5%.

Valves Trading

Valves Trading also continued the very positive development of the previous year. However, due to the reporting date, this was not reflected in the revenues figures. In the first quarter of 2007, revenues totalled €5.8 million after €6.5 million in the corresponding period of the previous year.

Group business trend

In the first quarter of 2007, Group revenues at €26.6 million, were very close to the figure of €26.7 million achieved in the equivalent quarter of the previous year. EBIT reached nearly €0.6 million. This resulted in an EBIT margin of approximately 2.2%. EBIT and consolidated net income have been affected by an increase of other operating expenses of around €0.6 million.

In the reporting period 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 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.

Risks remain in the price trend for raw materials and energy which could result in higher purchasing prices. However, these risks exist across the industry and thus also impact our competitors. What is more, up to now higher prices on the purchasing front has also been passed on by sales with a slight time lag.

Outlook

In the next two quarters, as a result of the extremely good market position in both operating lines, business is likely to benefit to a large extent from the positive general economic situation. Due to the very good performance the company achieved in the previous year, it remains to be seen whether the respective growth rates can be maintained.

Remscheid, May 2007
Brüder Mannesmann Aktiengesellschaft,
Board of Management

Jürgen Schafstein   Bernd Schafstein

Consolidated Balance Sheet

ASSETS

	Notes	31.03.2007 TEUR	31.12.2006 TEUR
NON-CURRENT ASSETS			
Goodwill	3.1.	3,845	3,845
Other intangible assets	3.1.	777	825
Property, plant and equipment	3.2.	7,251	7,298
Investment property		8,377	8,377
Financial assets		35	35
Deferred tax assets	3.3.	3,638	3,611
Other assets	3.4.	167	131
		24,090	24,122
CURRENT ASSETS			
Inventories		11,088	13,508
Trade receivables		20,203	11,053
Other receivables and other assets		2,536	1,202
Cash and cash equivalents		11,972	11,996
		45,799	37,759
Balance sheet total		69,889	61,881

LIABILITIES

	Notes	31.03.2007 TEUR	31.12.2006 TEUR
EQUITY			
Share capital		7,700	7,700
Reserves		1,697	1,697
Unappropriated surplus	3.5.	154	151
		9,551	9,548
NON-CURRENT LIABILITIES			
Mezzanine subordinate loans	3.6.	16,875	12,053
Provisions for pensions and similar liabilities		7,462	7,282
Financial liabilities	3.6.	15,840	20,876
Other liabilities		813	807
Deferred tax liabilities		273	225
		41,263	41,243
CURRENT LIABILITIES			
Other provisions		1,284	1,129
Financial liabilities		5,119	873
Trade liabilities		10,081	7,075
Other liabilties		2,591	2,013
Current income tax liabilities		0	0
		19,075	11,090
Balance sheet total		69,889	61,881

Consolidated Statement of Earnings

	Notes	01.01.-31.03. 2007 TEUR	01.01.-31.03. 2006 TEUR
Sales revenue	4.1.	26,628	26,704
Other operating income		77	339
Costs of materials		-20,647	-20,922
Staffing costs		-2,224	-2,382
Other operating expenses		-3,137	-2,543
EBITDA		697	1,196
Amortisation and depreciation of intangible assets and property, plant and equipment		-114	-148
EBIT (operating result)		583	1,048
Financial earnings		-557	-527
EARNINGS BEFORE TAX		26	521
Income taxes	4.2.	-23	-330
NET CONSOLIDATED INCOME		3	191
Profit carried forward		151	903
UNAPPROPRIATED SURPLUS		154	1,094
Earnings per share (undiluted) in EUR	4.3.	0.00	0.06
Earnings per share (diluted) in EUR	4.3.	0.00	0.06

Consolidated Capital Finance Account

	31.03.2007 TEUR	31.03.2006 TEUR
EBIT	583	1,048
Depreciation on noncurrent assets	114	148
Gains on disposal on noncurrent assets	-6	0
Change of noncurrent provisions and other noncurrent liabilities	186	413
Other non-cash income and expenses	22	-1
Interest payments	-47	-303
Income tax payments	-2	-228
Cash inflows / outflows from operating activities before change in current net assets	850	1,077
Change of current assets / liabilities		
Inventories	2,420	-1,037
Trade receivables	-9,150	-5,562
Other receivables and other assets	-1,334	457
Financial liabilities	4,246	2,127
Trade liabilities	3,006	4,584
Other liabilities and other items	728	807
Inflows / outflows from operating activities	766	2,453
Inflows from disposal of noncurrent assets	17	0
Outflows for investment properties	-65	-23
Interest received	102	0
Dividends received	0	0
Current financial instruments	0	0
Inflows / outflows from investing activities	54	-23
Change of long-term financial liabilities		
Borrowing subordinated loan	4,800	0
Borrowing other long-term financial liabilities	0	0
Repayment long-term financial liabilities	-5,036	-620
Interest payments	-608	-209
Inflows / outflows from financing activities	-844	-829
Changes in cash and cash equivalents	-24	1,601
Cash and cash equivalents on 1 January	11,996	720
Cash and cash equivalents on 31 March	11,972	2,321

Statement of Changes to Shareholders' Equity

	Share capital TEUR	Capital reserves TEUR	Revenue reserves* TEUR	Retained earnings brought forward TEUR	Net income TEUR	Total share-holders' 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 March 31, 2006					191	
Shareholders'equity as at March 31, 2006	7,700	770	40	903	191	9,604
Shareholders'equity as at December 31, 2006	7,700	770	927	0	151	9,548
Transfer to retained earnings 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

* 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 31 March 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 31 March 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.

During the first quarter 2007, IASB issued a revised version of IAS 23 (Borrowing costs), which is mandatory for financial periods beginning after 1 January 2009. Brüder Mannesmann Aktiengesellschaft is currently examining the impact of the new regulations on the 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 48 (previous year TEUR 34).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 29 (previous year TEUR 23) and disposals amounted to TEUR 10 (previous year TEUR 0). Depreciation come out to TEUR 66 (previous year TEUR 114).

3.3. Deferred tax assets

Deferred tax assets break down as follows:

	31.03.2007 TEUR	31.12.2006 TEUR
Recoverable taxes from tax loss carryforwards	2,612	2,591
Deferred taxes on time valuation differences	1,006	1,000
Deferred taxes on consolidation adjustments	20	20
	3,638	3,611

3.4. Other noncurrent assets

Other noncurrent assets relate noncurrent deferred income of TEUR 167 (31 December 2006 TEUR 131).

3.5. Unappropriated surplus

The unappropriated surplus items contains the consolidated net income of the reporting period of TEUR 3 (previous year TEUR 191) 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.

3.6. 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 31 March 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:

	31.03.2007 TEUR	31.03.2006 TEUR
Actual tax expenses	-2	-50
Deferred tax expenses	-21	-280
	-23	-330

4.3. Earnings per share

Earnings per share is calculated on the basis of the net income/loss and the share 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

Segment report by segment and region to 31 March 2007

	Tools 31.03.2007 TEUR	Valves 31.03.2007 TEUR	Land 31.03.2007 TEUR	Reconciliation 31.03.2007 TEUR	Group 31.03.2007 TEUR
Revenue with third parties	20,653	5,775	200	0	26,628
Revenue with other segments	0	0	148	-148	0
Total revenues	20,653	5,775	348	-148	26,628
Revenues by region					
Germany	12,696	5,516	200	0	18,412
Outside Germany	7,957	259	0	0	8,216
Of which EU	6,009	170	0	0	6,179
Result	801	120	230	-1,148	3
Assets	34,803	6,871	13,504	14,711	69,889
Liabilities	16,826	3,097	171	40,244	60,338
Investments in assets	24	5	0	36	65
Depreciation	-65	-27	-27	5	-114
Non-cash expenses excluding depreciation	-119	0	0	-275	-394
Number of employees (average figure for the year) (without trainees)	74,5	52	0	5,5	132

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 dividend into the company segments of tools, values 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.

Tools 31.03.2006 TEUR	Valves 31.03.2006 TEUR	Land 31.03.2006 TEUR	Reconciliation 31.03.2006 TEUR	Group 31.03.2006 TEUR
20,035	6,469	200	0	26,704
0	0	148	-148	0
20,035	6,469	348	-148	26,704
13,014	6,242	200	0	19,456
7,021	227	0	0	7,248
4,868	210	0	0	5,078
743	185	182	-919	191
35,315	6,824	13,583	3,297	59,019
15,400	3,688	203	30,124	49,415
20	1	0	2	23
-54	-27	-71	4	-148
-420	0	0	-280	-700
77	54	0	5	136

6. Supplementary information

In the reporting period 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 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, May 2007
Brüder Mannesmann Aktiengesellschaft,
Board of Management

Jürgen Schafstein		Bernd Schafstein