



Six months' statement 2005

Table of Contents

Consolidated Balance Sheet	2
Consolidated Statement of Earnings	4
Consolidated Capital Finance Account	5
Statement of Changes to Shareholders' Equity	6
Consolidated Notes	7

LIABILITIES

	Note	30.06. 2005 TEUR	31.12. 2004 TEUR
I. Share capital		7,700	7,700
II. Capital reserve		770	770
III. Other earnings reserves		40	40
IV. Consolidated net earnings / loss	2.8.	57	0
SHAREHOLDERS' EQUITY		8,567	8,510
1. Accruals for pensions and similar obligations		3,706	3,520
2. Accruals for taxes		272	272
3. Other accruals		877	683
ACCRUALS	2.9.	4,855	4,475
1. Amounts due to banks		26,804	27,597
2. Advance payments received		194	238
3. Trade payables		13,892	8,841
4. Notes payable		701	0
5. Other liabilities		4,044	3,840
LIABILITIES	2.10.	45,635	40,516
		59,057	53,501

Consolidated Statement of Earnings

	Note	2. Quarter		Half-year	
		01.04.-30.06.	01.04.-30.06.	01.01.-30.06.	01.01.-30.06.
		2005 TEUR	2004 TEUR	2005 TEUR	2004 TEUR
1. Sales	3.1.	21,526	21,381	41,192	41,517
2. Other operating income		373	393	809	744
3. Materials		-16,582	-16,302	-31,546	-31,488
4. Personnel costs		-2,284	-2,286	-4,564	-4,451
5. Depreciation and amortization	5.	-141	-157	-310	-312
6. Other operating expenses		-1,982	-1,935	-4,140	-4,108
7. Financial result		-544	-605	-1,056	-1,224
8. Result of ordinary operations		366	489	385	678
9. Taxes on income		-195	-121	-310	-274
10. Other taxes		-10	-10	-18	-19
11. Consolidated net income		161	358	57	385
12. Profit/loss carried forward		0	-18,024	0	-18,024
13. Consolidated net profit / loss		161	-17,666	57	-17,639
14. Earnings per share (undiluted) in EUR	3.2	0.05	0.12	0.02	0.13
15. Earnings per share (diluted) in EUR	3.2	0.05	0.12	0.02	0.13

Consolidated Capital Finance Account

	30.06.2005 TEUR	30.06.2004 TEUR
I. Operating activities		
1. Earnings before cash interest payments, interest income, taxes on income and extraordinary earnings	1,099	1,699
2. Depreciation on (+) / additions to (-) fixed assets	310	312
3. Increase (+) / decrease (-) in accruals	720	390
4. Non-cash expenditure and income from		
a) Deferred taxes	325	184
b) Other non-cash expenditure and income	-1	-2
Cash flow as DVFA / SG	2,453	2,583
5. Increase (-) / decrease (+) in inventories, trade receivables and other assets not included in investment activities or financing activities	-6,869	-6,029
6. Increase (+) / decrease (-) in trade payables and other liabilities not included in investment activities or financing activities	5,210	3,560
7. Cash from:		
a) Interest payments (+) / (-)	-1,057	-1,224
b) Taxes (+) / (-)	15	-90
Cash flow from operating activities	-248	-1,200
II. Investment activities		
1. Income from disposal of tangible assets	0	2
2. Expenditure on investment in tangible assets	-56	-133
3. Expenditure on investment in intangible assets	-2	0
4. Income from disposal of financial assets	0	3
5. Expenditure on investment in financial assets	0	-16
Cash flow from investment activities	-58	-144
III. Financing activities		
1. Income from bond issues and (financial) loans and notes payable	701	1,231
2. Expenditure on capital repayments on outstanding bond issues, (financial) loans and notes payable	-792	-245
Cash flow from financing activities	-91	986
Change in liquid funds	-397	-358
Funds at start of period	1,374	1,044
Funds at end of period	977	686

Statement of Changes to Shareholders' Equity

	Share capital TEUR	Capital reserves TEUR	Revenue reserves* TEUR	Retained earnings forward TEUR	Net income TEUR	Total shareholders' equity TEUR
Shareholders' equity as at December 31, 2003	7,700	10,226	8,177	-17,048	-952	8,103
Transfer to earnings reserves from 2003 net income			174		-174	
Transfer to retained earnings brought forward from 2003 net income				-1,126	1,126	
Profit January 1, to June 30, 2004					385	
Profit distribution to the parent company			-150	150		
Shareholders' equity as at June 30, 2004	7,700	10,226	8,201	-18,024	385	8,488
Shareholders' equity as at December 31, 2004 before retransfer of reserves	7,700	10,226	7,965	-18,024	643	8,510
Retransfer of Capital reserve		-9,456		10,469	-1,013	
Retransfer of Other earnings reserves			-7,925	7,555	370	
Shareholders' equity as at December 31, 2004	7,700	770	40	0	0	8,510
Profit January 1, to June 30, 2005					57	
Shareholders' equity as at June 30, 2005	7,700	770	40	0	57	8,567
* Currency translation differences incurred in previous years have been offset against revenue reserves						

Consolidated Notes

1. General information about the consolidated financial statements

1.1. Principles

The consolidated financial statements of Brüder Mannesmann Aktiengesellschaft for the first half -year of the financial year 2005 were prepared in accordance with the standards of the International Accounting Standards Board (IASB) that applied as at the balance sheet date, taking into account the interpretation of the International Financial Reporting Interpretations Committee (IFRIC).

The consolidation principles and the accounting and valuation methods are in line with those applied to the annual financial statements. For more information we refer to the financial statements as of December 31, 2004.

1.2. Companies included in consolidation

The companies included in consolidation are the same as of December 31, 2004. In addition to the parent company, Brüder Mannesmann Aktiengesellschaft, the consolidated financial statements include a total of seven domestic subsidiaries and one foreign subsidiary.

The complete list of Brüder Mannesmann Aktiengesellschaft Group's shareholdings has been filed in the Wuppertal Commercial Register.

2. Notes to the consolidated balance sheet

2.1. Intangible assets

Intangible assets of TEUR 4,467 include TEUR 3,845 for goodwill from capital consolidation.

Additions in the first half - year of financial year 2005 amounted to TEUR 2 and amortization to TEUR 89.

2.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 56. Depreciation amount to TEUR 221 in the first half - year of the financial year 2005.

The land and buildings owned by the Brüder Mannesmann Group but used by third parties are shown by the net book value. (IAS 40).

2.3. Inventories

The Brüder Mannesmann Group inventories amounting to TEUR 16,166 consist exclusively of merchandise.

2.4. Receivables and other current assets

The receivables and other current assets have got due within 1 year.

In accordance with IAS 39.109, global valuation allowances on trade receivables are not taken into account.

2.5. Cash and cash equivalents

The Company's cash and cash equivalents comprise cash in hand, cheques and bank deposits.

2.6. Deferred taxes

The deferred tax assets reported primarily include recoverable taxes from tax loss carryforwards (IAS 12). This was based on a tax rate of 40%. Deferred taxes in the amount of TEUR 6,749 were appropriated to retained earnings as per the status of the tax loss carryforwards on January 1, 2001 without impacting income and were reversed in line with the development of net profit/loss for the period. Accumulated deferred taxes from previous years result in a deferred tax expense of TEUR 3,098. During the reporting period deferred taxes from tax loss carryforwards of TEUR 325 were written down. The deferred tax expense in accordance with IAS thus increased by this amount.

This line item also includes deferred taxes from the elimination of interim profits.

2.7. Prepaid expenses

The amount reported is mainly due to the financial restructuring of a subsidiary's land holdings. In this respect, forfeited rent payments have been repaid. The fees incurred as a result of the repayment of previous financing are deferred in line with IAS and reversed over the term of the rental agreements using the diminishing balance method. As a result, the IAS consolidated profit for the period is TEUR 55 lower than in the annual financial statements prepared in accordance with German commercial law.

2.8. Unappropriated surplus / net accumulated losses

The Group's unappropriated surplus/net accumulated losses are derived from the statement of earnings.

Changes in equity are shown in the statement of changes in equity.

2.9. Accruals

The actuarial valuation of accruals for pensions was carried out using the projected unit credit method in accordance with IAS 19 (Employee Benefits) for the first time on December 31, 2001 and January 1, 2002, taking future developments into account. In line with IAS 19.155, deviations from the values stipulated by German commercial law are distributed over five years.

A discount rates of 5.30% was applied. Future annual salary increases were fixed at 2% and pensions at 1.5%.

In the reporting period, this results in an additional expenses of TEUR 173 compared with the interim financial statements prepared in line with the German Commercial Code (HGB). This comprises the difference between HGB and IAS initial values in the amount of TEUR 72 and the estimated pro rata annual retirement benefit cost of TEUR 101.

The other accruals essentially include provisions for contingent liabilities, holiday allowances, third-party warranty claims, taxes and other personnel costs.

2.10. Liabilities

The residual terms of liabilities have developed as follows compared to the annual financial statements:

The short-term liabilities with a remaining term of up to one year increased by TEUR 5,358.

Liabilities with a remaining term of one to five years increased by TEUR 68.

The long-term liabilities with a remaining term of more than five years decreased by TEUR 306.

3. Notes to the consolidated statement of earnings

3.1. Sales

The general principles of earnings from transactions apply to sales.

Please refer to the segment reporting section (5) for the breakdown of sales by division and region.

3.2. Earnings per share

In accordance with IAS 33, diluted earnings per share for the reporting period amount EUR 0.02 (previous year: EUR 0.13)

Since Brüder Mannesmann Aktiengesellschaft did not issue any ordinary shares with dilutive potential, diluted earnings and undiluted earnings are the same.

4. Other information

The contingent liabilities amount to TEUR 2,245. In comparison with the financial statements 2004 they reduced by TEUR 198.

5. Segment reporting

In accordance with the provisions of IAS 14 (Segment Reporting), a breakdown of individual data from the annual financial statements by the tools, valves and land holdings business areas is presented below.

The segment reporting breakdown reflects the internal reporting structure.

Transactions between segments took place under standard market conditions.

Segment reporting						
	Tools*	Valves	Land Holdings	Tools*	Valves	Land Holdings
	30.06.2005	30.06.2005	30.06.2005	30.06.2004	30.06.2004	30.06.2004
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sales	30,505	10,288	399	28,197	12,919	401
Domestic	19,356	9,663	399	15,611	12,514	401
Foreign	11,149	625	0	12,586	405	0
Segment result before profit distribution	195*	-164	26	134*	253	-2
Segment assets	34,134	7,090	13,795	35,053	7,174	14,179
Segment liabilities	17,174	3,766	261	15,166	4,202	332
Investment in non-current assets	36	22	0	80	21	48
Depreciation and amortisation	-117	-51	-142	-118	-52	-142
Annual average number of employees (excluding trainees and apprentices)	81	54	0	82.5	51	0

*In addition to the tools division, the tools segment includes Brüder Mannesmann AG as well as IAS-related expense entries of TEUR 562 (previous year TEUR 417).

6. Other information

Frank Schafstein left the Board of Management as of 30th of April.

The number of shares hold by the Board of Management reduced to 696,300.

7. List of shareholdings

Fully-consolidated subsidiaries	%		
Brüder Mannesmann Werkzeuge GmbH, Remscheid	100	Corneta Export GmbH, Remscheid	100
Brüder Mannesmann Nederland B.V., Doetinchem/Netherlands	100	Schwietzke Armaturen GmbH, Bottrop	100
CoCaCo Trading GmbH, Remscheid	100	CEA Chemie- und Energie-Armaturen GmbH, Ludwigshafen	100
Fernando Esser & Cia. GmbH, Remscheid	100	Brüder Mannesmann Grundbesitz GmbH, Remscheid	100

Remscheid, August 2005
Brüder Mannesmann Aktiengesellschaft,
Board of Management



Jürgen Schafstein



Bernd Schafstein