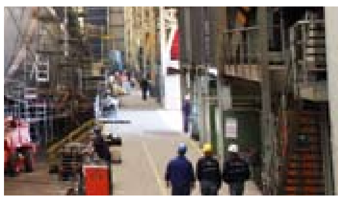
Muehlhan AG

Interim report for the first half of 2010

The Muehlhan Group is a global specialist in high-quality surface protection and industrial services. Our four business segments - Ship Newbuilding, Ship Repair, Oil & Gas Offshore and Industry Services – enable us to provide a broad range of professional services to our maritime and industrial markets. The excellent quality of our service, our high degree of organization, our technical expertise and almost 130 years of experience are what set us apart.

With our workforce of around 2,300 employees at 40 locations worldwide, we generated sales revenues of EUR 190.8 million in 2009. In the years to come, we intend to utilize our leadership position as a stable foundation for further expanding our business.

KEY FIGURES based on IFRS

in kEUR		1st half of 2010	1st half of 2009
Result			
Total sales revenues		85,197	100,261
EBITDA[1]		7,046	8,433
EBIT[2]		3,768	4,902
EBT[3]		3,081	3,505
Earnings per share	in EUR	0,11	0,11
Consolidated earnings after minority interests		2,155	2,105
Cash flow		6,886	8,713
Investments		2,543	3,642
Depreciation and amortization		3,278	3,531
		30 June 2010	**31 December 2009**
Balance sheet			
Balance sheet total		119,857	115,565
Fixed assets[4]		50,366	54,126
Equity		69,863	66,320
		1st half of 2010	**1st half of 2009**
Employees			
Number of employees[5]		2,324	2,236

[1] EBITDA: Earnings before interest, taxes, depreciation and amortization
[2] EBIT: Operating income (Earnings before interest and taxes)
[3] EBT: Earnings before taxes
[4] Fixed assets: Total of non-current assets less deferred tax assets
[5] Refers to average number of employees during the year, not the specific number as of the reporting date

Muehlhan ends the first half of 2010 with earnings at the same level as last year, despite lower revenues

> Net income increases slightly, to EUR 2.2 million (first half of 2009: EUR 2.1 million)

> Sales revenues around 15% lower than previous year

CONTENTS


Surface coating

FOREWORD

Dear shareholders,
esteemed business partners, friends and employees!

Following a long winter season at the beginning of the year, particularly in Europe, we also had a relatively weak second quarter before finally posting significantly better figures at the end of the half-year term. Overall, the Muehlhan Group reported sales revenues of EUR 85.2 million and EBIT of almost EUR 3.8 million for the first six months. Despite lower revenues, the Group had net income of 2.2 million – slightly higher than for the January-June 2009 period.

As expected, sales declined in the Ship Newbuilding segment. There was a decrease in shipbuilding projects at various German and European sites after several shipyards became insolvent last year. This situation is not going to change, as the commercial shipbuilding industry has relocated to Asia in the interim. In 2010, our Ship Newbuilding segment generated revenues of EUR 30.3 million, around 10% lower than in the previous year.

In the Repair business, revenues were more than 20% below the prior-year figure. Worldwide, we recorded sales revenues of only EUR 15.5 million in this segment. Because freight rates continue to be low, shipping companies are continuing to hold off on all but the most necessary ship repairs. Unlike in the Ship Newbuilding segment, though, it is clear that this trend cannot continue, unless shipowners want to risk loss of their “class” status and the decommissioning of their vessels. Sooner or later, therefore, this segment will see a strong recovery.

Following a setback in the first quarter, the Industry Services business segment recorded EUR 34.1 million of sales in the first half, meaning that it was once again the biggest contributor to Group revenues. This was possible thanks to a 15% increase in sales compared to the first quarter of 2010. However, the Group’s revenues still lagged behind projections, especially expectations of a significant increase in the wind-energy segment. Nevertheless, there are signs that the major wind-turbine manufacturers will finally resume full production capacity in the second half. By applying new technologies, such as the mobile coating robot, Muehlhan is in a very good position to attract new customers and to further expand its existing international business.

The Oil & Gas Offshore business also reported a basically positive trend. In this segment, sales revenues jumped 30% above the prior-year figure, to EUR 5.2 million. Unfortunately, most of this business segment continues to post unsatisfactory earnings.

As a result, the Muehlhan Group’s business trend is still something of a mixed bag. However, based on the improving prospects in our individual sub-markets, we believe we are justified in assuming that we will see a noticeably better trend in the second half.

We are grateful to our shareholders, customers and suppliers for their confidence and to Muehlhan’s employees for turning in a strong performance, as usual!

Best regards,
Your Executive Board

Dr Andreas C. Krüger
Chairman of the Executive Board

Carsten Ennemann
Chief Financial Officer

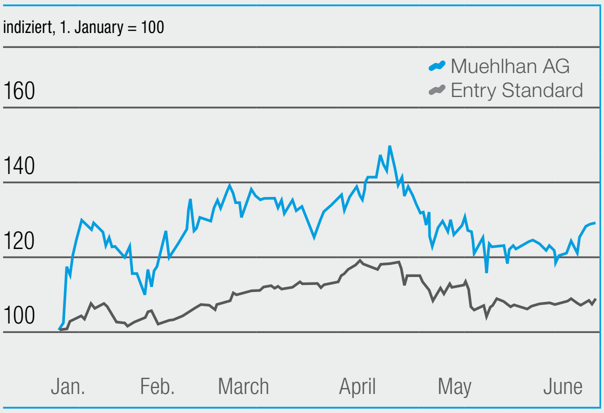
OUR SHARE

Share price remains stable in second quarter

In the second half of 2010, Muehlhan's share price continued the positive trend that started at the end of 2009, reaching a high of around EUR 3.20 in May. Following some temporary setbacks, it leveled off at around EUR 2.80 at mid-year. Thanks to positive reports in both the print media and online media, the share price moved up again in July, to well over EUR 3.00. In the previous year, the share had traded at a substantially lower price of around EUR 1.50. As it had at the beginning of the year, Muehlhan's share price also outperformed the Entry Standard All Share Index in the second quarter.

Now that the Annual General Meeting has adopted a resolution on the acquisition of treasury shares, Muehlhan AG can resume the share-buyback program that has been underway since September 2009. This expanded authorization also empowers the Group to issue the acquired shares, and/or shares that will be acquired, to directors and other top managers of the Muehlhan Group as part of the new bonus program. This is intended to promote employee retention within the Muehlhan Group while simultaneously aligning the goals of Management and the shareholders by focusing on the value of the company, which ideally should be reflected in the share price. At the end of the first half, Muehlhan had bought back around 490,000 shares through the stock market.

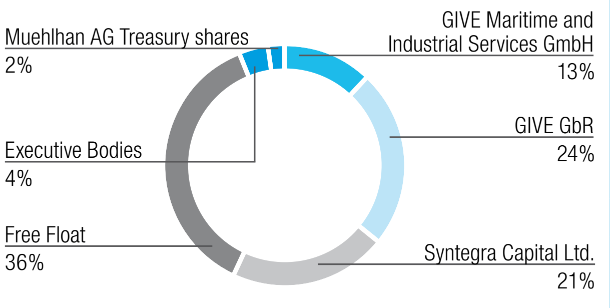
PRICE DEVELOPMENT in the 1st half of 2010



Relaunch of capital market relationship management efforts is going well

The previously initiated changes in Designated Sponsor and the listing partnership were completed at the beginning of the second quarter. In addition, the expansion in Muehlhan coverage announced in the first-quarter report has now begun. Since July, Muehlhan has offered its investors another complete valuation of the Muehlhan share by renowned analysts Hauck & Aufhäuser Institutional Research. Along with the analysis by SES Research, this study can be found on Muehlhan AG's website and is available for downloading under "Investor Relations – Research and Coverage".

SHAREHOLDER STRUCTURE AS OF 30 JUNE 2010



	Number of shares held	Shareholding in %
GIVE Maritime and Industrial Services GmbH	2,573,242	13.20
Greverath Investment Verwaltungs- und Erhaltungs-GbR	4,650,000	23.85
Syntegra Capital Ltd.	4,110,847	21.08
Executive Bodies		
Dr Andreas C. Krüger	425,153	2.18
Dr Wulf-Dieter H. Greverath	339,601	1.74
Dr Gottfried Neuhaus	40,000	0.21
Carsten Ennemann	10,000	0.05
Free Float	6,858,005	35.17
Muehlhan AG Treasury shares	493,152	2.52
	19,500,000	100.00

INTERIM MANAGEMENT REPORT

ENVIRONMENT AND BUSINESS TREND

First-half revenues 15% lower than in previous year

From January to the end of June 2010, the Muehlhan Group posted sales revenues of EUR 85.2 million. Results for the second quarter were close to those reported for the first three months (first quarter of 2010: EUR 43.5 million). Overall, though, revenues dropped substantially (15%) from the prior-year figure of EUR 100.3 million.

This reflected the continued influence of the factors that negatively impacted first-quarter results. Above all, **Europe** continued to report considerable losses due to its strong focus on the maritime segment and the severe pressure it has come under as a result of the global economic crisis. The disappearance of three German ship newbuilding sites -with which we have partnered for many years- due to bankruptcy (Warnemünde) or closure (Emden, Berne) in 2009 led to a EUR 9.3 million (29.0%) drop in Ship Newbuilding revenues in Europe compared to the previous year. The European Ship Repair business saw revenues drop by EUR 3.6 million or 23.0%, as shipping companies largely continued to postpone ship maintenance. As a result, Europe posted overall sales revenues of only EUR 63.0 million (-17.8%), compared with EUR 76.6 million the previous year.

Muehlhan also experienced a decrease in revenues for **Asia** as a whole, with sales of EUR 13.1 million, compared with EUR 14.2 million in the prior-year period. Here, too, shipowners' reluctance to spend was again higher than in the previous year, thereby impacting the Ship Repair market. Our businesses in the Middle East continue to report positive results. Despite a perceptible decline in the fireproofing business in the United Arab Emirates, sales of higher-margin coatings meant that this business remained profitable. In Qatar, Muehlhan managed to maintain the positive growth trend of the last couple of years in both revenues and earnings.

In **America**, Group revenues increased from EUR 8.7 million in the prior-year period to EUR 9.1 million, but still lagged significantly behind the company's own projections. Virtually every business field was affected by this trend. For example, a contract covering four ship newbuilds was cancelled – in Muehlhan's view, in breach of contract - as soon as the first ship was completed. In response, Muehlhan filed a lawsuit in mid-July 2010 claiming outstanding receivables of EUR 1.9 million plus lost profits. Moreover, the company has not yet managed to secure the major bridge-renovation order it is hoping to land. Our plans to restart the oil-rig maintenance business have proved to be infeasible due to the current market situation – including the accident on the "Deepwater Horizon" oil platform, which was operated by a long-standing customer of Muehlhan. All in all, therefore, the U.S. market for surface-protection work is in a difficult situation economically.

In addition to providing a breakdown of business by geographic region, the Muehlhan Group also reports in detail on trends in its four business fields, which contributed to consolidated sales revenues as follows:

Muehlhan has a solid reputation as a reliable and financially strong partner for shipyards in the **Ship Newbuilding** business. However, the overall market has contracted substantially, especially in Germany, and lower capacity utilization at the shipyards has resulted in lower margins. Group-wide, the Ship Newbuilding segment posted revenues of EUR 30.3 million, around 10% less than in the first half of 2009 (EUR 33.8 million). At the same time, the considerable declines in Europe were largely offset by higher revenues in the USA and Asia.

In the **Ship Repair** sector, projected fleet revenues for future years are based on the newbuilding boom experienced in recent years. This is not going to change, as international regulations and provisions on flagging require regular inspection of critical ship areas, such as the water ballast tanks. Due to continued low freight rates, shipping companies are continuing to limit their expenditures for repairs to the technically feasible minimum. At the present time, it is impossible to predict when the situation will improve, since the Baltic Dry Index - the main index for tracking international shipping costs for dry bulk commodities (mainly coal, iron ore and grain) on the main shipping routes – recovered for a brief period at the beginning of the year, only to lose ground once again. As a result, virtually all subsidiaries operating in the Ship Repair segment posted lower sales. This business field reported revenues of EUR 15.5 million in the first half of 2010, down from EUR 20.4 million the previous year (a drop of 24.0%).

Muehlhan's **Oil & Gas Offshore** segment posted sales of EUR 5.2 million at the end of the first half of 2010, up from EUR 3.9 million last year (an increase of 33.3%). The lawsuit against former employees claiming compensatory damages, which we won in the lower court last year, was also decided in our favor on appeal. In addition to the EUR 1.1 million damage award, which Muehlhan recognized as a one-time gain in 2009, Muehlhan was awarded interest totaling USD 160 thousand, which was reported as income in the financial statements for the second quarter of 2010.

Newly built ferry

In Europe, revenues for the business in Scotland are largely on target. Work in the Danish North Sea was postponed for reasons relating to the client's workflow requirements and will not begin to pick up again until the second half.

Whereas the Ship Newbuilding business field delivered the strongest revenue performance at the beginning of the year, the **Industry Services** sector had regained its position as the strongest driver of sales by the end of the first half. However, this segment also felt the impact of the global crisis: From January-June 2010, Muehlhan posted sales revenues of only around EUR 34.1 million, down 17.4% from EUR 41.3 million in the first half of 2009. Still, that meant that this segment – which in particular provides surface protection for complex steel structures and scaffolding and steel-construction services outside the marine segment – performed somewhat better than at the beginning of the year (first quarter of 2010: EUR 15.8 million). Nevertheless, revenues for the first half as a whole suffered from the fact that the drop in demand for steel-construction services caused by the crisis and the continued slowdown in the wind-energy project business have persisted. The latter situation should improve considerably in the second half of 2010: Based on the positive news reports from wind-turbine manufacturers, we hope that demand for coatings for tower segments will pick up again soon. Now that tests on the new robot coating system have been successfully completed, Muehlhan believes that it is well positioned, in light of the system's proven efficiency, and expects to return to full production capacity at its Danish sites beginning in September.

Net income of EUR 2.2 million for the first half

The Muehlhan Group's earnings for the first half were positively affected by some non-recurring items. In Poland, the company reported an accounting gain of approximately EUR 0.7 million on the sale of a property. In addition, currency-translation effects contributed income of around EUR 1.3 million.

EBITDA (operating income before depreciation and amortization) for the period from January to June 2010 totaled EUR 7.0 million, EUR 3.0 million of which was attributable to the first quarter of 2010 (first half of 2009: EUR 8.4 million). EBIT (earnings before interest and income taxes) amounted to EUR 3.8 million (including EUR 2.4 million in the second quarter of 2010 alone). In 2009, the company reported EBIT of EUR 4.9 million. EBT (earnings before income taxes) totaled approximately EUR 3.1 million (previous year: EUR 3.5 million).

Despite lower sales revenues, consolidated earnings after minority interests were slightly higher (EUR 2.2 million in the first half of 2010, vs. EUR 2.1 million in the first half of 2009).

Financial position

The cost of materials and purchased services for the entire first half of 2010 also declined, in line with the lower revenues, to EUR 38.7 million (previous year: EUR 47.6 million).

From 1 January to 30 June 2010, Muehlhan had 2,324 employees worldwide (previous year: 2,236 employees), around 4% more than in the first half of 2009. At the same time, personnel expenses were about EUR 0.3 million lower during the period under review, at around EUR 31.3 million. The increase in the number of employees is mainly attributable to the expanding business in the Middle East. Unlike in Europe, where it is customary to hire sub-contractors, businesses in the Middle East predominantly use their own employees.

During the first half, the company invested a total of EUR 2.5 million, almost all of which went for capital expenditures and/or equipment replacements for maintaining ordinary business operations. In the prior-year period, these investments totaled EUR 3.6 million and likewise were almost exclusively for capital expenditures. The divestments recorded during the first half of 2010 (EUR 4.9 million) related, among other things, to the disposal of blasting and coating halls in Germany.

Compared with the previous year, other operating expenses had already declined in the first quarter, to EUR 6.0 million (previous year: EUR 6.6 million). For the first half as a whole, the value once again decreased significantly (second quarter of 2010: EUR 5.8 million), closing at EUR 11.7 million (first half of 2009: EUR 15.7 million, including a EUR 2.3 million charge relating to the Wadan Yards bankruptcy). Over the same period, total depreciation and amortization charges also decreased slightly, to EUR 3.3 million.


Paint robot in Denmark

EUR 3.6 million increase in shareholders' equity

With cash and cash equivalents of EUR 10.5 million (31 December 2009: EUR 12.5 million), the liquidity position of the Muehlhan Group continues to be quite solid. Despite net share buybacks totaling EUR 0.5 million, shareholders' equity increased EUR 3.6 million to EUR 69.9 million as of the 30 June 2010 reporting date (31 December 2009: EUR 66.3 million). Along with net income, this reflects the dividend of EUR 1.1 million and the EUR 3.3 million increase in the currency translation adjustment item. This resulted in an equity ratio of 58.3% (31 December 2009: 57.4%).

OPPORTUNITIES AND RISKS

In many respects, results for the first half of the year lagged behind Group expectations. This was attributable both to the project risk, which resulted in particular in losses on a U.S. bridge-renovation project in the first half, and to the continued weakness of the global economy. The economic crisis led to a further decline in business volume during the first half. The Ship Repair and the wind-turbine businesses were especially hard-hit. Because of high fixed costs, the latter had a significant negative impact on Group earnings during the first half, with losses totaling approximately EUR 1.2 million. Unlike in the Ship Repair business, production capacity in the wind-energy segment cannot be used in other areas.

No further charges from either the bridge project or the wind-energy segment are expected in the second half. In June 2010, wind-turbine production returned to almost full capacity. Unless there is another – unexpected – downturn in the world economy, the underutilization experienced during the first half should therefore be at an end.

Regarding the lawsuit against an American shipyard reported in mid-July 2010, there is always a risk that the court will rule against us. In that case, the receivables already recognized would have to be written off. However, following a legal review, we believe that it is unlikely that we will lose the lawsuit.

Unless the U.S. business picks up and turns in a profitable performance for the rest of the year, there is always a risk that at least a partial impairment of goodwill (around EUR 3.0 million) will be required.

On the other hand, a recovery in global trade and the resulting increase in demand for transport capacity could present opportunities. In addition, the promising outlook in the Middle East should enable us to grow further in this region. The possibility of a major contract in the bridge-renovation business also offers additional potential for the second half.

For more information about additional opportunities and risks, please see our detailed discussion in the 2009 Annual Report.

OUTLOOK

Clearer expectations regarding sales and earnings

In many respects, results for the first half of the year lagged behind Group expectations. Still, Muehlhan believes that it will end the year within the projected range published in the spring (sales revenues of between EUR 190 and 210 million; EBIT of between EUR 7 and 11 million; and earnings after taxes and minority interests of between EUR 4 and 5 million). If the major bridge-renovation project we are hoping for in 2010 should fail to materialize in the third quarter as well, we will end the year at the lower end of the aforementioned range. The Group's focus therefore continues to be on profitability first, then on growth.

GROUP CONSOLIDATED FINANCIAL STATEMENTS

as of 30 June 2010

CONSOLIDATED BALANCE SHEET

Assets in kEUR	30.6.2010	31.3.2009
NON-CURRENT ASSETS		
Intangible assets	25,706	25,724
Property, plant and equipment	24,605	28,347
Financial assets	55	55
Deferred tax assets	2,498	2,704
Total non-current assets	**52,864**	**56,830**
CURRENT ASSETS		
Inventories	3,677	3,752
Trade receivables	43,543	35,558
Cash and cash equivalents	10,516	12,478
Refund claims income tax	857	598
Other current assets	8,400	6,349
Total current assets	**66,994**	**58,735**
BALANCE SHEET TOTAL	**119,857**	**115,565**

Rounding differences may occur.

Equity & Liabilities in kEUR	30.6.2010	31.3.2009
EQUITY		
Subscribed capital	19,500	19,500
Capital reserves	28,060	28,060
Other reserves	11,416	3,560
Retained earnings	10,068	13,646
Minority interest	1,995	2,226
Treasury shares	-1,176	-672
Total equity	**69,863**	**66,320**
NON-CURRENT LIABILITIES		
Pension accruals	644	704
Non-current financial liabilities	19,966	19,944
Deferred government grants	0	217
Deferred tax liabilities	704	632
Total non-current liabilities	**21,315**	**21,498**
CURRENT LIABILITIES		
Provisions	917	561
Current financial liabilities	1,879	910
Trade payables	14,335	13,148
Liabilities for current income tax	606	609
Other current liabilities	10,942	12,517
Total current liabilities	**28,679**	**27,747**
BALANCE SHEET TOTAL	**119,857**	**115,565**

Rounding differences may occur.

CONSOLIDATED INCOME STATEMENT

in kEUR		1st half of 2010	1st half of 2009	2nd quarter of 2010	2nd quarter of 2009
Sales		85,197	100,261	41,666	52,917
Other operating income		3,563	3,074	2,333	1,187
Cost of materials and purchased services		-38,663	-47,589	-18,693	-24,593
Personnel expenses		-31,325	-31,658	-15,509	-16,231
Depreciation and amortization		-3,278	-3,531	-1,631	-1,750
Other operating expenses		-11,726	-15,656	-5,753	-9,025
Profit from operations		**3,768**	**4,902**	**2,413**	**2,504**
Income from investments		9	0	9	0
Interest income		148	175	133	75
Financing costs		-845	-1,572	-406	-944
Income from investment and financial results		**-687**	**-1,397**	**-264**	**-869**
Earnings before taxes		**3,081**	**3,505**	**2,149**	**1,636**
Income tax expense		-1,014	-1,158	-709	-539
Annual result		**2,067**	**2,347**	**1,440**	**1,097**
Thereof attributable to:					
Minority interests		-88	242	-34	113
Equity holders of Muehlhan AG		**2,155**	**2,105**	**1,474**	**984**
NET EARNINGS PER SHARE					
Shares	number	19,094,491	19,500,000	19,094,491	19,500,000
basic	in EUR	0.11	0.11	0.08	0.05
diluted	in EUR	0.11	0.11	0.08	0.05

Rounding differences may occur.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in kEUR	1st half of 2010	1st half of 2009	2nd quarter of 2010	2nd quarter of 2009
Annual result	2,067	2,347	1,440	1,097
Other result				
(+/-) Change in market value of available-for-sale financial assets	0	0	0	-49
(+/-) Currency translation differences (legally independent entities abroad)	3,307	-524	1,513	-646
(+/-) Effective cash flow hedge	0	199	0	188
(+/-) Income tax on other result	0	-40	0	-26
Other result after tax	**3,307**	**-365**	**1,513**	**-533**
Total result	**5,374**	**1,982**	**2,953**	**564**
Thereof attributable to:				
Minority interests	-47	250	-30	134
Equity holders of Muehlhan AG	**5,421**	**1,732**	**2,983**	**430**

Rounding differences may occur.

CONSOLIDATED CASH FLOW STATEMENT

in kEUR	1st half of 2010	1st half of 2009
Profit from operations	3,768	4,902
Depreciation / amortization (+), write-ups (-) of non-current assets	3,278	3,531
Decrease (-), increase (+) in deferred government grants	-217	0
Gain (-), loss (+) on disposal of fixed assets	-1,167	-14
Unrealized currency gains, losses	1,285	92
Decrease (-), increase (+) in provisions	-60	202
Cash flow	**6,886**	**8,713**
Increase (-), decrease (+) in inventories, trade receivables and other assets (excluding payments received on account)	-6,400	-7,979
Increase (+), decrease (-) in trade payables and other liabilities	-177	1,479
Cash flow from ordinary activities	**309**	**2,213**
Payments of income taxes	-1,036	-1,017
Payments of interest	-797	-1,281
Net outflow of funds from operating activities	**-1,524**	**-85**
Receipts of interest	158	175
Proceeds from disposals of non-current assets (+) in respect of	4,870	395
financial assets	0	9,826
Capital expenditures (-) in respect of		
intangible assets	-71	-530
property, plant and equipment	-2,472	-3,111
Net inflow of funds from investing activities	**2,485**	**6,755**
Payments on bonds	0	-12.500
Cash outflow for purchase of treasury shares	-505	0
Dividend payments	-1.326	-121
Increase (+), decrease (-) in payments received on account	-2.936	4.966
Payments (-), receipts (+) on current bank liabilities	969	718
Payments (-), receipts (+) on non-current bank liabilities	-25	-18
Net outflow of funds from financing activities	**-3.824**	**-6.955**
Effect of exchange rate related fluctuations of cash and cash equivalents*	901	-123
Total changes in cash and cash equivalents*	-1,962	-408
Cash and cash equivalents* at the beginning of the period	12,478	7,958
Cash and cash equivalents* at the end of the period	**10,516**	**7,550**

* Cash and cash equivalents correspond to the balance sheet item “Cash and cash equivalents”.

Rounding differences may occur.

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	Equity applicable to equity holders of the parent company					
	Subscribed capital	Capital reserves	Other reserves			
in kEUR			Revenue reserves	Transition	Revaluation reserve	Adjustment resulting from currency translation
At 1 January 2009	**19,500**	**28,060**	**5,402**	**589**	**-277**	**-2,201**
Transfer to revenue reserves			482			
Dividends paid						
Other changes						43
Total result					159	-532
At 30 June 2009	**19,500**	**28,060**	**5,884**	**589**	**-118**	**-2,690**
At 1 January 2010	**19,500**	**28,060**	**5,326**	**589**	**0**	**-2,354**
Share buyback						
Transfer to revenue reserves			4,550			
Dividends paid						
Other changes						40
Total result						3,266
At 30 June 2010	**19,500**	**28,060**	**9,876**	**589**	**0**	**952**

At 31 December 2009 an amount of kEUR 8,687 (previous year: kEUR 8,077) was available for distribution to shareholders of the parent company.
Treasury shares acquired in the amount of kEUR 1,176 are subject to restrictions on dividend distributions pursuant to the law and / or Articles of Incorporation.

Rounding differences may occur.

Retained earnings	Treasury shares	Total	Minority interest	Group equity
9,818		**60,891**	**2,108**	**62,999**
-482				
			-121	-121
-43				
2,105		1,732	250	1,982
11,398		**62,623**	**2,237**	**64,860**
13,646	**-672**	**64,094**	**2,226**	**66,320**
	-505	-505		-505
-4,550				
-1,143		-1,143	-184	-1,326
-40				
2,155		5,421	-47	5,374
10,068	**-1,176**	**67,868**	**1,995**	**69,863**

NOTES

GENERAL COMMENTS; CONSOLIDATED GROUP

The following Notes to the financial statements have been prepared in accordance with IAS 34 on interim reporting. The consolidation, accounting, valuation and calculation methods used in the annual financial statements dated 31 December 2009 have also been used for this interim report dated 30 June 2010.

The consolidated group has not changed since 31 December 2009.

SEGMENT REPORTING

Segment reporting is done in accordance with IFRS 8, "Operating Segments", which took effect on 1 January 2009. Operating segments are identified on the basis of internal reporting. For reporting and management purposes, the Group is divided into the geographic regions of Europe, America and Asia. The Group's corporate functions are described in a separate segment. For segment reporting purposes, EBIT (earnings before interest and taxes) represents the earnings for the period.

1st half of 2010

in kEUR	Europe	America	Asia	Corporate areas	Reconciliation	Group
External revenues	62,984	9,065	13,075	73	0	85,197
Intersegment sales	295	0	2	1,821	-2,118	0
Sales	**63,279**	**9,065**	**13,076**	**1,895**	**-2,118**	**85,197**
EBITDA	6,210	-965	2,235	-593	159	7,046
Depreciation and amortization	-1,751	-591	-672	-315	52	-3,278
EBIT	**4,459**	**-1,557**	**1,563**	**-908**	**210**	**3,768**

1st half of 2009

in kEUR	Europe	America	Asia	Corporate areas	Reconciliation	Group
External revenues	76,614	8,702	14,242	704	0	100,261
Intersegment sales	136	0	0	2,178	-2,315	0
Sales	**76,750**	**8,702**	**14,242**	**2,882**	**-2,315**	**100,261**
EBITDA	6,491	1,582	1,676	-1,592	277	8,434
Depreciation and amortization	-2,004	-600	-615	-368	54	-3,531
EBIT	**4,487**	**982**	**1,062**	**-1,959**	**331**	**4,902**

Several factors contributed to the sharp drop in external sales revenues in Europe in the first half of 2010. Germany's figures no longer include revenues from a major customer, Wadan, which went bankrupt in 2009, and the Nordseewerke in Emden, which saw a change in ownership; sales fell in Greece due to the economic crisis; and in Poland, the drop in demand that started in 2009 had a significant impact on steel construction. In Denmark, our wind-energy segment has been particularly hard-hit by the economic crisis. Despite the fact that demand continues to be strong, the project completion rate has waned considerably. Although a major customer has resumed production – following a halt in the first quarter of 2010 – revenues are still lagging behind the expected level. In Asia, sales were down slightly. This was primarily attributable to significantly lower sales in our fire-proofing business in the Middle East; however, thanks to significantly higher margins, this had virtually no negative impact on earnings. Overall, the earnings trend in Asia, and particularly in the Middle East, was quite positive. The earnings trend in Europe was significantly affected by the temporary halt of production in Denmark. Overall, though, European earnings were almost as high as in the prior-year period, when results were lower due to the Wadan Yards bankruptcy. In America, earnings were down sharply due to the absence of the non-recurring items reported in the prior-year period (the EUR 1.75 million from two legal disputes). Earnings continued to suffer due to underutilization in the bridge-renovation segment. The positive result in the corporate areas is mainly attributable to currency gains.

Transactions with related parties (companies and persons)

The interim report contains EUR 165 thousand of expenses relating to the Greverath Property that included rent and Supervisory Board compensation for the first six months of 2010. As of 30 June 2010, the Greverath Property owed the company EUR 46 thousand.

Personnel

In the first half of 2010, the Muehlhan Group had an average of 2,324 employees (first half of 2009: 2,236). The expansion primarily reflected an increase in the workforce in Asia.

At the beginning of 2010, a new compensation system was introduced for managers of subsidiaries. The system replaces the former bonus agreements. Whereas previously the earnings of the respective company were used to determine the variable compensation, greater weight is now placed on enterprise value and the company's trend. Provisions have been set up to cover the obligations created by the new system.

To the best of our knowledge, we affirm that, in accordance with the applicable reporting principles for interim group reporting, the interim consolidated financial statements, which have been subjected to a review by the audit firm BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, give a true and fair view of the net assets, financial position and results of operations of the Group and that the consolidated interim management report includes a fair review of the earnings and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remainder of the fiscal year.

Hamburg, Germany, 28 July 2010

Muehlhan AG
The Executive Board

Dr Andreas C. Krüger
Chairman of the Executive Board

Carsten Ennemann
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15 November 2010	Publication of nine-month figures 2010
End of February 2011	Publication of preliminary financial figures 2010
End of March 2011	Publication of year-end results 2010

Notes

The Annual Report is published in German and English. The German version is authoritative. For further information about the company visit the website at www.muehlhan.com.

Forward-looking statements

This report contains forward-looking statements related to the prospects and progress of Muehlhan AG. These statements reflect the current views of the management and are based on projections, estimates and expectations. Our assumptions are subject to risks and uncertainties, and actual results may vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantee.

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