



Interim report for the first half of

2014

As one of the few full-service providers in its industry, the **Muehlhan Group** offers its customers a broad spectrum of industrial services and high-quality surface protection. Our very strong organizational skills, in-depth technical expertise and more than 130 years of experience enable us to satisfy our customers' exacting quality requirements.

We offer top-rate solutions for surface protection, scaffolding and steel construction in our Ship Newbuilding, Ship Repair, Energy, Industry and Other Services business segments. With more than 2,300 employees at over 30 locations worldwide, we generated €208 million of sales revenues in 2013.

We will continue to focus our efforts on steadily improving our technologies and services while actively developing new markets in order to continue expanding our business going forward.

Group Key Figures

in kEUR		1 st half of 2014	1 st half of 2013
Result			
Sales		106,670	96,223
EBITDA ¹		5,576	5,007
EBIT ²		3,005	2,263
EBT ³		2,133	1,299
Earnings per share	in EUR	0.06	0.05
Consolidated earnings after non-controlling interests		1,044	1,034
Cash flow		5,863	4,926
Investments for fixed assets		5,059	3,319
Depreciation		2,571	2,744
		30.06.2014	31.12.2013
Balance sheet			
Balance sheet total		115,343	112,744
Fixed assets ⁴		42,229	39,749
Equity		59,367	58,303
		1st half of 2014	1st half of 2013
Employees			
Number of employees ⁵		2,620	2,271

¹ EBITDA: Profit from operations and depreciation

² EBIT: Profit from operations

³ EBT: Earnings before taxes

⁴ Fixed assets: Total of non-current assets less deferred tax assets

⁵ Refers to average number of employees, not the specific number as of the reporting date

Contents



Production and coating of steelwork for docks, Szczecin, Poland

01	Foreword	2	04	Group Consolidated Financial Statements	8
				Consolidated Balance Sheet	8
02	Our Share	3		Consolidated Income Statement	10
03	Consolidated Interim Management Report	4		Consolidated Statement of Comprehensive Income	10
	Economic Report	5		Consolidated Cash Flow Statement	11
	Subsequent Events	7		Consolidated Statement of Changes in Group Equity	12
	Forecast and Report on Opportunities and Risks	7		Notes	14
			05	Further Information	15
				Contact and Financial Calendar	15

*Dear shareholders,
esteemed business partners, friends and employees!*

Overall, the Muehlhan Group can look back on a satisfactory first half of fiscal year 2014.

During the period under review, the company's sales revenues of just under €107 million were 11% higher than in the prior-year period. The upward trend of the past two years continued, with EBIT of €3.0 million and consolidated net income for the first half of €1.1 million.

Business performance varied by region. In Europe, higher sales led to significantly higher earnings than in 2013. One of the main drivers was the offshore business in Great Britain, which benefited from the resumption of transport flights over the North Sea. Thanks to higher sales, businesses in the Middle East and the Far East returned to profitability after the loss-making operations in Qatar and China were shut down during the past year. In North America, both sales and earnings were lower than in the previous year, as a major project is nearing completion and a major new project will not begin until the end of the third quarter.

From a business segment standpoint, the maritime segment managed to temporarily halt its downward trend thanks to a high level of new orders in Ship Newbuilding. However, the Newbuilding sector is expected to shrink further over the long term. The Energy, Industry, Scaffolding and Steel Construction business segments in some cases reported significant increases in sales. The sustainable growth of these business segments beyond the maritime segment confirms the successful restructuring of the Muehlhan Group's business portfolios.

With its solid cash position and its usual strong equity position, the company's financial situation continues to be stable. After obtaining the prior consent of the bond creditor, the bond covenants were adjusted to allow the company to accept a lucrative bridge contract in the USA.

At the request of the Executive Board, the Supervisory Board appointed James West as a third member of the Executive Board effective 1 July 2014. For several years, James West has headed Muehlhan's oil & gas business in Great Britain and in the future he will also be responsible for expanding the Group's oil & gas businesses internationally.

Based on the results of the first half, we believe that the conditions are in place for us to achieve our 2014 operating objectives. As always, we are grateful to our shareholders, customers and suppliers for their confidence and to Muehlhan's employees for their successful work over the past six months.

Best regards,
Your Executive Board



Stefan Müller-Arends



Dr. Andreas C. Krüger



James West

02 Our Share

Share price up sharply on the balance sheet date

After ending 2013 at €1.586, Muehlhan AG's share price was trading slightly lower at the beginning of 2014 and reached the current year low of €1.502 on 6 January. With the support of the 200-day moving average and the overall market, the share price then increased significantly. Despite strong corrections to the overall market, the share reached €1.67 at the end of the month.

In February, the share price initially rose to €1.88 at mid-month before massive selling pressure during very heavy trading resulted in a price correction of almost 5% on 19 February. When the company announced it was resuming the share buyback program at the end of the month, the share price recovered around 4.8% and ended trading at €1.93. The share price therefore increased by 13.5% in February.

In March, Muehlhan's share price continued its positive trend and in mid-March it exceeded €2.00 for the first time since July 2011. The share price ended the month at €2.149, representing an 11.4% increase in March.

Following publication of the business figures for 2013, the intraday share price on 3 April increased above €2.60 before closing at €2.40. The share price level was maintained for the rest of the month, ending April trading at €2.35.

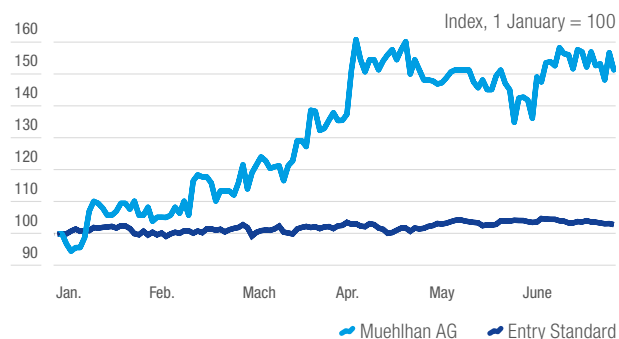
In May, the share initially traded within a price range of €2.30 to €2.40. The publication of business figures for the first quarter of 2014 on 12 May provided no positive momentum. Despite positive overall market performance, the share came under heavy selling pressure on 28 May and declined 7% to €2.14. By month-end, the share price recovered to €2.265, but closed 3.6% lower than in the previous month.

After a subdued start in June, the Muehlhan share again climbed above the 38-day moving average in heavy trading and on 12 June rose to €2.51. With significantly lower trading at month-end, the share ended the first half at €2.40, representing a 51.3% increase in the share price, while the Entry Standard rose only 3.0% during the same period.

Shareholder structure as of 30 June 2014

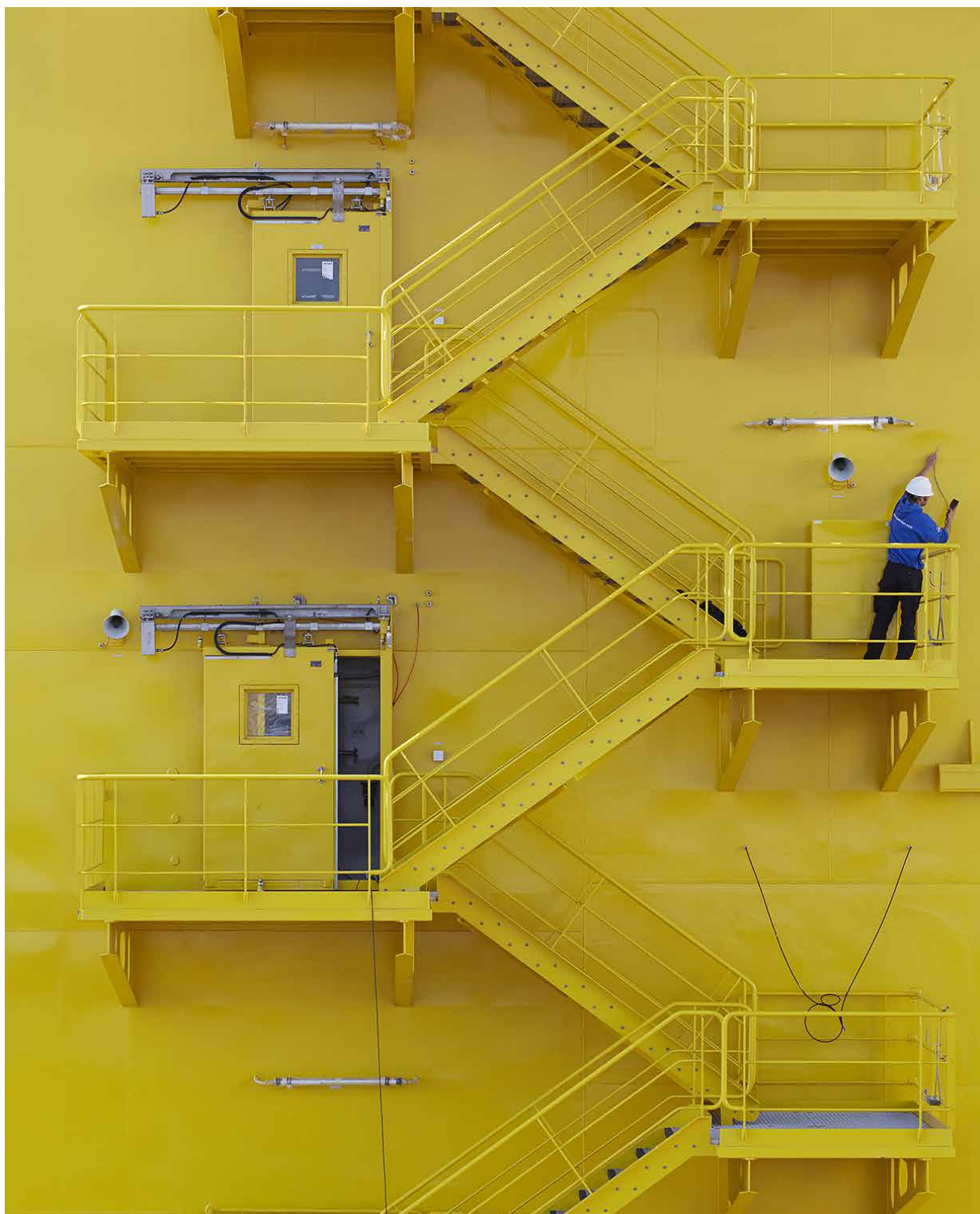
	Number of shares held	Shareholdings in %
Greverath Investment Verwaltungs- und Erhaltungs-GbR	4,650,000	23.85
Syntegra Investments I S.a.r.l.	4,110,847	21.08
GIVE Maritime & Industrial Services GmbH	2,686,472	13.78
GIVE Capital GmbH	520,000	2.67
Management and Supervisory Board		
Stefan Müller-Arends	253,867	1.30
Dr. Andreas C. Krüger	221,653	1.14
Dr. Wulf-Dieter H. Greverath	806,000	4.13
Dr. Gottfried Neuhaus	74,000	0.38
Muehlhan AG Treasury shares	688,769	3.53
Free Float	5,488,392	28.15
	19,500,000	100.00

Price Development in the first half of 2014



03 Interim Consolidated Management Report

for the first half of 2014



Coating the offshore converter platform Sylwin Alpha

Economic Report

Business trend and results of operations

The upward trend continues

The Muehlhan Group ended the first half of 2014 with total net income attributable to the equity holders of €1.0 million. After reporting a loss of around €0.2 million in the first three months of the fiscal year, the Group enjoyed a significant upward trend in the second quarter.

The Group generated **sales revenues** of €106.7 million between January and the end of June 2014. This represented an 11% increase over the figure for the first half of 2013 (€96.2 million). As of 30 June, **EBITDA** (earnings before interest, taxes, depreciation and amortization) totaled €5.6 million (prior year: €5.0 million). **EBIT** (earnings before interest and taxes) amounted to €3.0 million, compared with €2.3 million the previous year. **Consolidated** first-half **profit** attributable to the equity holders of Muehlhan AG totaled €1.0 million, compared with €1.0 million for the prior-year period.

Higher expenses due to higher volume of business

Because the number of employees increased to 2,620 (first half of 2013: 2,271), the Group's **personnel expenses** of €43.7 million were disproportionately higher than in the prior-year period (€34.5 million). The sharp increase was primarily attributable to the expansion of the European business, but also to our efforts to utilize our own staff instead of subcontractors.

As of 30 June 2014, **expenditures for materials and services** stood at €42.0 million, compared to €44.9 million in the prior-year period. The reduction was due to the decrease in subcontractor services as more orders were processed by company employees.

During the first half, the increase in sales caused a €2.1 million increase in **other operating expenses** to €16.4 million.

At mid-year, **depreciation and amortization** totaled approximately €2.6 million, which is below the prior-year figure of €2.7 million.

Strong growth in Europe and Asia

1 st half of 2014 in kEUR	Europe	America	Asia	Corporate areas	Reconciliation	Group
External revenues	88,340	7,379	10,894	57	0	106,670
Intersegment sales	417	0	98	1,477	-1,992	0
SALES	88,757	7,379	10,992	1,534	-1,992	106,670
EBITDA	6,691	271	890	-2,104	-172	5,576
Depreciation and amortization	-1,863	-173	-365	-259	90	-2,571
EBIT	4,828	98	524	-2,363	-82	3,005
1 st half of 2013 in kEUR	Europe	America	Asia	Corporate areas	Reconciliation	Group
External revenues	77,124	9,754	9,266	79	0	96,223
Intersegment sales	173	0	0	1,796	-1,969	0
SALES	77,297	9,754	9,266	1,875	-1,969	96,223
EBITDA	4,824	1,900	6	-1,726	2	5,007
Depreciation and amortization	-1,704	-187	-709	-225	81	-2,744
EBIT	3,120	1,713	-703	-1,950	82	2,263

Rounding differences may occur.

As in prior years, the **European business** accounted for the bulk of the €106.7 of **sales revenues**, contributing €88.3 million of Group sales, almost 15% more than in the first half of 2013 (€77.1 million). Continued growth in the Industry segment meant that it also played a major role in this positive trend. EBIT increased €1.7 million from €3.1 million in the first half of 2013 to €4.8 million in the first half of 2014. The main contributor to the improvement was the business in the North Sea oil & gas sector, which last year was severely affected by a flight ban on transport helicopters.

Figures for the Muehlhan Group's **North American businesses** were below the strong figures for the prior year. With a major project nearing completion, revenues of €7.4 million were below the prior-year figure of €9.8 million. Following a weak start to the year, EBIT of €0.1 million was significantly lower than the prior-year earnings figure of €1.7 million.

In the **Asian region, including the Middle East**, sales revenues increased by €1.6 million, from €9.3 million to €10.9 million. This represented a year-on-year improvement of more than 17%. With EBIT of €0.5 million (first half of 2013: - €0.7 million), the earnings situation improved considerably. The improvement was due both to the shutdown of loss-making businesses in Qatar and China and the cyclical upturn in the fire-protection business in the Middle East.

The Industry segment continues to be the biggest business segment

Muehlhan's businesses are divided into the **Ship Newbuilding, Ship Repair, Energy, Industry** and **Other Services** segments. They contributed to sales revenues as follows:

The current figures for the **Ship Newbuilding** business segment confirm that, for the time being, Muehlhan appears to have bottomed out. In 2013, New Shipbuilding saw growth resume for the first time in many years; this continued in the first half of 2014. At €19.1 million, the volume of business was substantially higher than in the first half of 2013 (€14.2 million). Nevertheless, we assume that the positive performance of the Ship Newbuilding segment is due not to any general upturn in the market, but rather to Muehlhan's increasing market share in what continues to be a stagnating market that presumably will continue to shrink.

By contrast, the **Ship Repair** segment was unable to maintain the level of sales posted in the prior year. For the first half of 2014, sales totaled €15.2 million, compared to €17.6 million for the previous year.

The **Energy** segment encompasses the wind-energy, oil & gas offshore and petrochemical businesses. During the first half of the year under review, sales reached €25.6 million (previous year: €22.1 million). Due to the fact that the business was no longer affected by the extraordinary events of the prior year, the oil & gas offshore segment was able to post significant increases.

The **Industry** segment encompasses bridge-coating, passive fire-proofing and other surface-protection services. From January to the end of June 2014, revenues totaled €26.0 million, compared to €24.0 million in the first half of 2013. While passive fire-proofing saw the strongest growth in the Middle East, the bridge-coating segment was unable to replicate the strong figures of previous years, which were driven mainly by a major project in California. Meanwhile, the Industry and Energy business segments have become the biggest contributors to Muehlhan's sales revenues, demonstrating the success of the company's strategy of regarding these segments as the drivers of growth.

The steel construction and scaffolding businesses, which are part of the **Other Services** business segment, again made an important contribution to sales. Sales in both segments increased further thanks to major maritime projects. Overall, the Other Services business segment reported sales of €20.7 million (previous year: €18.1 million).

Net assets and financial position

Investments mainly in scaffolding

During the first half of 2014, the company invested almost €5.2 million, mainly on equipment replacement for the scaffolding business. During the prior-year period, investments totaled around €3.6 million.

Stable liquidity position; renegotiated bond covenants met

The Muehlhan Group's liquidity position continues to be stable, with **cash and cash equivalents** of €5.9 million (31 December 2013: €8.7 million). As of the end of the first half, Muehlhan was in compliance with the bond covenants. In May, the covenants were adjusted through a mutual agreement with the bond creditor; otherwise, the company would not have been able to accept a major bridge-renovation order.

Thanks to the consolidated profit, **equity** increased to €59.4 million as of 30 June 2014 (31 December 2013: €58.3 million). Muehlhan acquired €0.4 million of treasury shares. The positive impact of currency-translation adjustments totaled approximately €0.3 million.

Subsequent Events

At the request of the Executive Board, the Supervisory Board appointed the Managing Director of the British oil & gas subsidiary Muehlhan Surface Protection Ltd., James West, as the third member of the Executive Board effective 1 July 2014. James West is responsible for the international expansion of the Group's oil & gas businesses and for expanding the current range of services offered by Group companies.

Aside from that, there were no events or new information after the balance sheet date of material significance for the company and/or for assessing the company.

Forecast and Report on Opportunities and Risks

Outlook

The Executive Board is standing by its published forecast for 2014, with earnings before interest and taxes (EBIT) of between €3.5 and €6.5 million.

Opportunities and risks

Project losses cannot be completely ruled out. However, there are currently no indications that large-scale project losses might be incurred during the rest of this year.

For the most part, the markets that are important to the Muehlhan Group were more favorable at mid-year 2014. This applies to the Oil & Gas, Industry and Energy business segments, but not to the Ship Repair market, where ship owners are still reluctant to award maintenance and repair contracts. Some relief was provided by the Ship Newbuilding segment, where Muehlhan's European business managed to increase its market share.

For more information about additional opportunities and risks, please see our detailed explanations in the 2013 Annual Report.

04 Group Consolidated Financial Statements

as of 30 June 2014

CONSOLIDATED BALANCE SHEET

ASSETS in kEUR	30.06.2014	31.12.2013
NON-CURRENT ASSETS		
Intangible assets	19,710	19,736
Property, plant and equipment	22,489	19,982
Financial assets	30	30
Deferred tax assets	2,579	2,842
Total non-current assets	44,808	42,591
CURRENT ASSETS		
Inventories	3,928	4,353
Trade receivables	54,309	50,765
Cash and cash equivalents	5,906	8,658
Assets for current income tax	608	485
Other current assets	5,784	5,893
Total current assets	70,535	70,153
BALANCE SHEET TOTAL	115,343	112,744

Rounding differences may occur.

EQUITY & LIABILITIES in kEUR	30.06.2014	31.12.2013
EQUITY		
Subscribed capital	19,500	19,500
Capital reserves	28,575	28,395
Treasury shares	-1,735	-1,294
Other reserves	8,890	8,544
Retained earnings	2,701	1,658
Non-controlling interests	1,435	1,500
Total equity	59,367	58,303
NON-CURRENT LIABILITIES		
Pension accruals	785	776
Non-current financial liabilities	5,341	9,380
Deferred tax liabilities	115	150
Total non-current liabilities	6,241	10,307
CURRENT LIABILITIES		
Provisions	483	410
Current financial liabilities	16,121	10,939
Trade payables	18,788	17,791
Liabilities for current income tax	310	659
Other current liabilities	14,033	14,335
Total current liabilities	49,736	44,134
BALANCE SHEET TOTAL	115,343	112,744

Rounding differences may occur.

CONSOLIDATED INCOME STATEMENT

in kEUR	1 st half of 2014	1 st half of 2013
Sales	106,670	96,223
Other operating income	1,052	2,530
Cost of materials and purchased services	-42,020	-44,874
Personnel expenses	-43,681	-34,511
Depreciation and amortization	-2,571	-2,744
Other operating expenses	-16,444	-14,362
Profit from operations	3,005	2,263
Income from investments	0	0
Interest income	9	16
Financing costs	-881	-980
Financial result	-872	-964
Earnings before taxes	2,133	1,299
Income tax expense	-1,056	-594
Consolidated profit	1,077	705
Thereof attributable to		
non-controlling interests	34	-329
equity holders of Muehlhan AG	1,044	1,034
NET EARNINGS PER SHARE		
Shares	number	18,912,818
basic	in EUR	0.06
diluted	in EUR	0.05

Rounding differences may occur.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in kEUR	1 st half of 2014	1 st half of 2013
Consolidated profit	1,077	705
Recyclable items		
Currency translation differences (legally independent entities abroad)	350	-369
Other result	350	-369
Income taxes on other results	0	0
Other result after tax	350	-369
Total result	1,427	336
Thereof attributable to		
non-controlling interests	38	-325
equity holders of Muehlhan AG	1,390	661

Rounding differences may occur.

CONSOLIDATED CASH FLOW STATEMENT

in kEUR	1 st half of 2014	1 st half of 2013
Profit from operations	3,005	2,263
Depreciation (+) on non-current assets	2,571	2,744
Gain (-) on disposal of fixed assets	-30	-239
Unrealized currency gains, losses	235	-107
Increase (+) in provisions	82	265
Cash flow	5,863	4,926
Increase (-) in inventories, trade receivables and other assets	-3,011	-2,561
Increase (+), decrease (-) in trade payables and other liabilities	876	3,235
Cash generated by operating activities	3,728	5,600
Payments of income taxes	-1,299	-664
Payments of interest	-928	-1,017
Cash inflow from operating activities	1,501	3,918
Receipts of interest	9	16
Proceeds from disposals of non-current assets (+) in respect of		
intangible assets	0	2
tangible assets	231	528
Capital expenditures (-) in respect of		
intangible assets	-106	-236
tangible assets	-5,059	-3,319
Cash outflow from investing activities	-4,924	-3,008
Capital expenditures (-) for bond redemption	-4,000	-4,000
Cash outflow for purchase of treasury shares	-441	0
Payments to equity holders and minority shareholders (dividends)	-103	0
Payments (-), receipts (+) on current bank liabilities	5,229	-950
Payments (-), receipts (+) on non-current bank liabilities	-40	-65
Cash outflow / inflow from financing activities	646	-5,014
Effect of exchange rate related fluctuations of cash and cash equivalents*	26	-156
Total changes in cash and cash equivalents*	-2,752	-4,260
Cash and cash equivalents* at the beginning of the period	8,658	9,990
Cash and cash equivalents* at the end of the period	5,906	5,729

* 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

in kEUR	Equity applicable to equity holders of the parent company				
	Subscribed capital	Capital reserves	Other reserves		
			Revenue reserves	Translation adjustments	Adjustment resulting from currency translation
On 01.01.2013	19,500	28,293	9,876	589	-678
Contribution share-based payment		150			
Acquisition of non controlling interests			-183		
Other changes					3
Total result					-373
On 30.06.2013	19,500	28,443	9,693	589	-1,048
On 01.01.2014	19,500	28,395	9,591	589	-1,637
Changes in treasury shares					
Contribution share-based payment		180			
Dividends payed					
Other changes					0
Total result					346
On 30.06.2014	19,500	28,575	9,591	589	-1,290

Rounding differences may occur.

				Non-controlling interests	Group equity
	Retained earnings	Treasury shares	Equity		
	-144	-1,480	55,956	1,805	57,761
			150		150
			-183	183	0
	-3				
	1,034		661	-325	336
	887	-1,480	56,584	1,663	58,247
	1,658	-1,294	56,803	1,500	58,303
		-441	-441		-441
			180		180
				-103	-103
	0				
	1,044		1,390	38	1,427
	2,701	-1,735	57,932	1,435	59,367

NOTES

Information on the company and the Group

Muehlhan AG, whose registered office is at Schlinckstrasse 3, Hamburg, Germany, is registered in the Commercial Register at the Hamburg Municipal Court under HRB 97812. Muehlhan AG and its subsidiaries (the Muehlhan Group) primarily provide surface-protection services and industry services.

Principles used in preparing the interim consolidated financial statements

The interim consolidated financial statements for the period from 1 January to 30 June 2014 were prepared in accordance with IAS 34, "Interim Financial Reporting", and have not been audited or reviewed by the external auditors. The interim consolidated financial statements should be read in conjunction with the Group consolidated financial statements for the period ending on 31 December 2013.

Accounting and valuation methods

International Financial Reporting Standards (IFRS) were applied to measure the amounts reported in this interim report. The same accounting and valuation methods used in the 2013 consolidated financial statements were applied to the interim consolidated financial statements. These statements were prepared under the going-concern principle. Taxes on income were determined on the basis of the expected country-specific income-tax rates combined with the respective pre-tax earnings for the first half.

In preparing the interim consolidated financial statements, the Executive Board has to make judgments, estimates and assumptions that affect the Company's application of accounting principles and the reporting of assets, liabilities, income and expenses. Actual results may differ from these estimates. Business performance for the first six months of the fiscal year is not necessarily indicative of the expected performance for the entire year, and one should also remember that impairment tests, particularly with regard to goodwill amounts reported, are always carried out only at the end of the year, taking into account the budget planning done in the fourth quarter for the next fiscal year.

Expenditures incurred on a regular basis during the fiscal year are reported and/or accrued in the consolidated financial statements only to the extent that such accruals would be appropriate at year-end.

Consolidated group

The consolidated group has not changed since 31 December 2013.

Events after the balance sheet date

James West was appointed as the third member of the Executive Board effective 1 July 2014. Aside from that, there were no events after the balance sheet date that could have a material impact on the Muehlhan Group's business.

Hamburg, 28 July 2014

Muehlhan AG

The Executive Board



Stefan Müller-Arends



Dr. Andreas C. Krüger



James West

Responsibility Statement

We confirm to the best of our knowledge that, in accordance with the applicable reporting principles for interim group reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with generally accepted accounting principles and that the consolidated interim management report presents 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 Group's expected development for the remainder of the fiscal year.

Hamburg, 28 July 2014

Muehlhan AG

The Executive Board



Stefan Müller-Arends



Dr. Andreas C. Krüger



James West

05 Further Information

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FINANCIAL CALENDAR

14 November 2014

Publication of nine-month figures 2014

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NOTES

This 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.