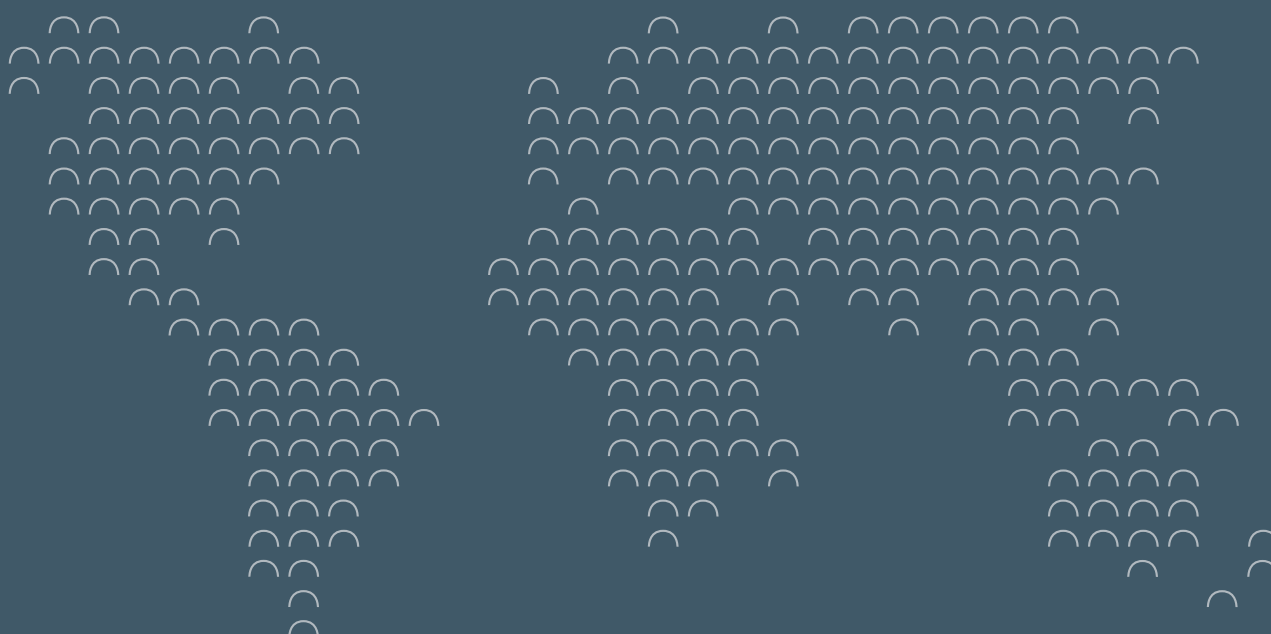




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**Interim Report as of March 31, 2007 – Q1 2007**  
MAN AG



**ENGINEERING THE FUTURE**

**At a glance**

MAN Group	2007	2006	Change
€ million	Q1	Q1	in %
Order intake	4,813	3,919	+23
Germany	1,424	1,085	+31
Abroad	3,389	2,834	+20
Net sales	3,302	2,867	+15
Germany	856	786	+9
Abroad	2,446	2,080	+18
Order backlog *)	12,607	11,298	+12
Headcount *)	50,897	50,290	+1
Germany	29,656	29,399	+1
Abroad	21,241	20,891	+2
Headcount incl. temporary/loaned employees *)	54,486	53,715	+1
Germany	31,853	31,368	+2
Abroad	22,633	22,347	+1
			<b>€ million</b>
Operating profit	318	211	+107
EBT	305	202	+103
EAT (net income)	228	154	+74
EpS of continuing operations (€)	1.49	0.98	+0.51
ROS in %	9.6	7.4	–
Net result of discontinued operations	5	8	–3
Capital expenditures	282	85	+197
Amortization/depreciation of fixed assets	79	73	+6
R&D expenditures	99	99	0
Cash earnings	262	240	+22
Cash flow from operating activities	201	41	+160
Cash flow from investing activities	(252)	(75)	–177
Free cash flow	(51)	(34)	–17
Net financial debt *)	(1,021)	(946)	–75
Equity *)	4,211	3,779	+432

Any differences in this interim report are due to rounding. The prior-year Q1 data has throughout been restated on a like-for-like basis and excludes the discontinued Printing Systems and Steel Trade operations (IFRS 5).

\*) As of March 31, 2007, versus December 31, 2006

## The MAN Group in Q1/2007:

### Another pronounced performance improvement

- Q1 operating profit: €318 million (up 51 percent from €211 million in 2006)
- Quarterly ROS: 9.6 percent (up from 7.4 percent), EpS €1.49 (up 52 percent from €0.98)
- Three-month sales: up 15 percent to €3.3 billion
- First-quarter order intake: up 23 percent to €4.8 billion
- Rush of new orders at Commercial Vehicles: order intake €3.5 billion (up €0.9 billion); operating profit €201 million (up €74 million); ROS of Trucks at 9.9 percent (up from 7.5 percent)
- Prospects for 2007: for this year we expect a sales rise of around 10 percent, with a proportionately even higher increase in operating profit and an ROS repeating this quarter's figure.

## Management report for Q1/2007

### Even more congenial economic environment

The economic situation continued congenial in the first quarter of 2007, demand improving both in Germany and abroad. Advanced orders expected in 2006 in anticipation of Germany's VAT hike at the start of 2007 did not dilute new business in the first three months. As a consequence, the German economy found itself in the spring of 2007 in an increasingly robust mood. Benefiting from this favorable situation were, in particular, manufacturers of capital goods and, due to the globally climbing demand for haulage services, suppliers of transport solutions.

### MAN Group off to a flying start

Q1/2007 order intake at €4.8 billion represented a €0.9 billion addition versus the year-earlier amount and a rise of 23 percent.

The steepest gain with the highest growth rates came from commercial vehicle business where order inflow escalated 33 percent or €0.9 billion to €3.5 billion. The other manufacturing areas likewise again reported rising order intake despite their high year-earlier figures. Driven by another advance in licensee business and even stronger demand for 4-stroke marine engines, Diesel Engines climbed 19 percent to €629 million. Turbo Machinery order intake for the first three months mounted to €354 million, a 12-percent improvement against the year-earlier period. In contrast, new orders booked by Industrial Services slipped 37 percent to €238 million. This business area is expecting sizable orders to be contracted only in the quarters ahead.

Domestic order intake surged 31 percent to €1.4 billion, non-German orders soared 20 percent to €3.4 billion. Commercial Vehicles continued its international expansion, with a 37-percent onrush of non-German orders to €2.4 billion.

Q1 sales advanced 15 percent to €3.3 billion, chiefly propelled by international commercial vehicle business, which accelerated 19 percent. Outside of Germany, the MAN Group's sales were revved up 18 percent to €2.4 billion; inside Germany, 9 percent to €0.9 billion. At €12.6 billion, the orders backlog stood at a new all-time high, up 12 percent over the start of the year.

### Another leap in operating profit

A bigger bite of business and ongoing efficiency enhancements at the manufacturing areas resulted in another leap in Q1 operating profit for the MAN Group, by 51 percent or €107 million from €211 million to €318 million. As a consequence, ROS rose from 7.4 percent in Q1/2006 by 2.2 percentage points to 9.6 percent, with all areas showing improvements. ROS at Commercial Vehicles jumped from 6.7 to 9.0 percent; Diesel Engines again upgraded its ROS from 11.0 to 12.5 percent. Turbo Machinery accelerated from 5.7 to 8.2 percent, Industrial Services' operating profit increasing from 7.9 to 10.5 percent.

Most momentum was generated by Commercial Vehicles whose operating profit hiked from €127 million to €201 million (up €74 million or 58 percent) as a consequence of high volumes and ongoing cost reduction measures. With production working to capacity and licensee and aftermarket business again flourishing, Diesel Engines lifted its operating profit from €51 million to €57 million. The operating profit at Turbo Machinery soared from €10 million to €18 million, above all due to higher margins from new plant and equipment. Industrial Services

also recorded an improved operating profit (up by €9 million to €32 million), chiefly due to the prorated earnings from the methanol and ammonia operator companies.

At the start of the fiscal year, we assigned MAN Finance to the Commercial Vehicles business area, since following the disposal of Printing Systems, it has exclusively financed commercial vehicle business. At €8 million, the operating profit of MAN Finance was unchanged from the previous year; its figures are included under Commercial Vehicles, with the year-earlier EBIT restated for comparability.

The MAN Group's EBT for Q1/2007 improved by €103 million to €305 million. EAT jumped from €154 million to €228 million. EpS of continuing operations leaped from €0.98 to €1.49.

### **The MAN Group's prospects**

For 2007, the economic prospects worldwide are again very promising. In April, the economic research institutes revised upward their growth rate predictions for Germany's GDP to 2.4 percent and, for 2008, they forecast a gain of similar magnitude.

Assuming a continuation of the congenial capital goods climate, we expect the MAN Group to book orders for all of 2007 in the region of the previous year (€16.6 billion), with, especially, the manufacturing areas—Commercial Vehicles, Diesel Engines, and Turbo Machinery—repeating their very high 2006 performances. In contrast, order intake by Industrial Services hinges on how a number of megaprojects develop. For the MAN Group as such, we expect 2007 to show an overall sales growth of around 10 percent from the 2006 level of €13.0 billion, in particular through further increases on the part of the manufacturing areas.

The MAN Group will again report an accelerated improvement in operating profit (2006: €1,105 million). ROS should for the year as a whole maintain the Q1/2007 level of 9.6 percent (up from 8.5 percent in 2006).

### **High cash flow in Industrial Business cements financial position**

The MAN Group's Q1 cash flow from operating activities soared to €201 million (up from €41 million). In 2007 Industrial Business improved the Q1 net cash provided by its operating activities to €295 million (up from €54 million). Besides the €23 million rise of cash earnings to €254 million in Q1/2007, a key factor for this cash flow hike was the €41 million reduction in working capital while one year earlier, the funds tied up in working capital had swelled by €177 million. Due to the scheduled development of customer financing business, the net cash used in Financial Services' operating activities in Q1/2007 climbed to €94 million (up from €13 million).

The net cash used in investing activities came to €252 million (up from €75 million), including capital expenditures of €87 million for tangible and intangible assets (up by €7 million). Moreover, in January 2007 we acquired further Scania shares as well as investments, valued at €163 million and €32 million, respectively. The cash inflow from the disposal of fixed assets and investments totaled €31 million (up from €14 million).

The free cash flow amounted to a negative €51 million (up from an equally red €34 million). Although additional Scania shares were acquired, Industrial Business's free cash flow zoomed to a black €44 million (up from a red €21 million), thus further upgrading the MAN Group's financial position. The Q1 free cash flow of Financial Services remained in the red and rose from €13 million in 2006 to €95 million.

The MAN Group's net financial debt edged up €75 million, from €946 million as of December 31, 2006, to €1,021 million at March 31, 2007. At quarter-end Industrial Business had net liquid assets of €455 million (down from €572 million), while Financial Services, due to its refinancing business, reported a net financial debt of €1,476 million (down from €1,518 million).

#### **Asset and capital structure continuing solid**

The MAN Group's assets totaled €15.8 billion as of March 31, 2007 (up by €0.6 billion from December 31, 2006). Noncurrent assets climbed €0.4 billion to €7.4 billion, mainly in the wake of the topped-up Scania stake. Current assets moved up by a net €0.2 billion to €8.4 billion, including the €0.3 billion increase in inventories to €3.3 billion in line with the amplified business volume. Despite the high level of sales, customer receivables remained stable at €3.0 billion. The balance of other current assets and cash & cash equivalents shrank somewhat.

Total equity grew by €0.4 billion to €4.2 billion, including €0.2 billion each of net income for Q1/2007 and unrealized gains from fair value changes. The Group's equity ratio improved from 24.8 to 26.7 percent, Industrial Business's climbing to 29.0 percent (up from 27.2). Equity outcovered fixed assets (intangible/tangible assets and investments) by 4 percent (up from 3). As financial debts were redeemed, noncurrent liabilities and accruals ratcheted down by €0.1 billion to €4.8 billion while current liabilities and accruals mounted by €0.3 billion to €6.8 billion, mainly as prepayments received rose.

#### **Growth leads to slight workforce additions**

At March 31, 2007, the MAN Group employed a workforce of 50,897, an additional 607 compared with the year-end 2006 total of 50,290. The main reasons for the extra employees were the high production volumes at Commercial Vehicles (up 477) and the growth plans at Turbo Machinery (up 99). Changes in the consolidation group added 214 employees; like-for-like, the headcount rose by 393.

In Germany, the MAN Group employed a workforce of 29,656 at Q1/2007 close (up from 29,399 at December 31, 2006). Those outside of Germany mounted from 20,891 to 21,241 as of the same date. As a consequence, the share of employees outside the home market is 42 percent. At 3,589, the number of temporary/loaned workers at March 31, 2007, was slightly above the 3,425 at year-end 2006. Of these, the German subsidiaries accounted for 2,197, the non-German for 1,392.

#### **Risk report**

Versus our assessments at the time of the 2006 annual closing, there have been no material changes affecting the MAN Group's risk situation.

#### **MAN stock**

Q1/2007 was a period in which the German DAX delivered a very robust performance to advance around 5 percent. The downswing observable in February as a consequence of revisions of overstated equities on the Chinese stock market was made good as the quarter proceeded. Repeated takeover conjectures, upbeat economic data as well as rising consumer spending propensity within Germany generated further DAX momentum.

Within this favorable market environment, the MAN common share in the three months ended March 31, 2007, and on the basis of a 2006 closing price of €68.46, leaped €18.64 or 27 percent to €87.10. This meant that MAN stock again outperformed the DAX as comparable index in the early months of the year.

In February 2007 we were informed by MAN stockholders about changes in their ownership of MAN AG. On February 1, 2007, the voting interest held by Alecta Pensionsförsäkring, Sweden, crossed below the 3-percent threshold to 0.23 percent. The voting stake owned by Volkswagen AG, Wolfsburg, exceeded on February 27, 2007, the reportable thresholds of 20 and 25 percent to reach 29.9 percent.

In accordance with the index system employed by Deutsche Börse, the free-float share of MAN common stock used in calculating market capitalization fell to 70.1 percent and as of March 31, 2007, the index-relevant market capitalization came to €8,364 million. This meant that at the end of the quarter MAN was positioned 23 in the DAX ranking (down from 21 in the previous quarter). In terms of stock exchange trading volumes, MAN ranked 19th (up from 20th).

MAN AG's Executive and Supervisory Boards will propose to the annual stockholders' meeting on May 10, 2007, to distribute per share a cash dividend of €2.0 (including a €0.50 bonus). Assuming the annual general meeting's affirmative vote, the dividend will be paid out to our stockholders on May 11, 2007.

## Key figures by business area

Order intake by business area				
€ million	2007 Q1	2006 Q1 LFL	Change in %	2006 Q1 publ.
Commercial Vehicles	3,510	2,637	+33	2,637
Diesel Engines	629	531	+19	531
Turbo Machinery	354	316	+12	316
Industrial Services	238	375	-36	719
Others/consolidation	82	61	+36	(24)
<b>MAN Group</b>	<b>4,813</b>	<b>3,919</b>	<b>+23</b>	<b>4,179</b>

Sales by business area				
€ million	2007 Q1	2006 Q1 LFL	Change in %	2006 Q1 publ.
Commercial Vehicles	2,239	1,893	+18	1,893
Diesel Engines	457	462	-1	462
Turbo Machinery	218	183	+19	183
Industrial Services	304	293	+4	560
Others/consolidation	84	35	-	92
<b>MAN Group</b>	<b>3,302</b>	<b>2,867</b>	<b>+15</b>	<b>3,190</b>

Operating profit by business area				
€ million	2007 Q1	2006 Q1 LFL	Change in %	2006 Q1 publ.
Commercial Vehicles	201	127	+58	127
Diesel Engines	57	51	+12	51
Turbo Machinery	18	10	+80	10
Industrial Services	32	23	+39	27
Others/consolidation	10	0	-	0
<b>Operating profit</b>	<b>318</b>	<b>211</b>	<b>+51</b>	<b>215</b>
Net interest expense	(13)	(9)	+44	(11)
<b>EBT</b>	<b>305</b>	<b>202</b>	<b>+51</b>	<b>204</b>
Income taxes	(82)	(56)	+46	(56)
Net result of discontinued operations	5	8	-38	6
<b>EAT (net income)</b>	<b>228</b>	<b>154</b>	<b>+48</b>	<b>154</b>

## The business areas in detail

COMMERCIAL VEHICLES			
€ million	2007	2006	Change
January to March	Q1	Q1	in %
Order intake	3,510	2,637	+33
thereof Trucks	3,184	2,187	+45
thereof Buses	326	450	-27
Net sales	2,239	1,893	+18
thereof Trucks	1,907	1,582	+20
thereof Buses	332	311	+7
Total vehicles sold	22,391	18,504	+21
thereof Trucks	20,676	16,898	+23
thereof Buses	1,715	1,606	+7
Employees *)	34,671	34,194	+1
			<b>€ mill.</b>
Operatives Ergebnis	201	127	+74
thereof Trucks	189	118	+71
thereof Buses	4	1	+3
thereof Financial Services (MFI)	8	8	0
ROS in %	9.0	6.7	-

\*) Headcount at March 31, 2007, versus Dec. 31, 2006

Demand for commercial vehicles was again very buoyant, with order intake surging 33 percent from the year-earlier €2,637 million to €3,510 million. The strong 45-percent gain reported by Trucks was chiefly attributable to the heavy TGA series. New orders by the Buses unit plunged 27 percent due to stiff competition and were well short of our expectations.

Q1 sales moved up 18 percent from €1,893 million to €2,239 million, with our share of the market for trucks of 6-t GVW and more climbing 1.4 percentage points to 16.7 percent.

Commercial Vehicles again cranked up its performance, the operating profit jumping €74 million from €127 million to €201 million. ROS at Trucks reached 9.9 percent (up from 7.5), the pronounced improvement being mainly due to high Q1 production volumes, rising revenue, and successful rationalization measures. We are still not satisfied with the Buses unit's profitability which was only marginally better than in Q1/2006. Enormous efforts are necessary for this unit to regularly achieve the ROS we require.

Given the bulging order books we remain optimistic regarding the months ahead. On the basis of sales budgeted at around €9,500 million (up from €8,685 million) we are aiming to clearly surpass the 8.5-percent ROS targeted for Commercial Vehicles (2006: 8.0 percent).

<b>DIESEL ENGINES</b>			
<b>€ million</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>January to March</b>	<b>Q1</b>	<b>Q1</b>	<b>in %</b>
Order intake	629	531	+19
thereof Two-Stroke	196	144	+36
thereof Four-Stroke	433	387	+12
Net sales	457	462	-1
thereof Two-Stroke	141	150	-6
thereof Four-Stroke	316	312	+1
Employees *)	6,438	6,408	0
			<b>€ mill.</b>
Operating profit	57	51	+6
thereof Two-Stroke	28	24	+4
thereof Four-Stroke	29	27	+2
ROS in %	12.5	11.0	-

\*) Headcount at March 31, 2007, versus Dec. 31, 2006

Demand for diesel engines remains sturdy and our Q1/2007 order intake at €629 million was 19 percent up over the year-earlier €531 million. Orders for two-stroke diesels leaped €52 million or 36 percent to €196 million, chiefly from licensee business. The Four-Stroke unit booked 12 percent or €46 million more orders, in all €433 million, marine engines accounting for the lion's share.

Q1 sales reached €457 million which, despite our production plants working to capacity, fell short of the prior year's €462 million. The main reason was the delay in upstream components due to the extremely strained situation throughout the sector. Two-Stroke sales at €141 million were down by 6 percent, Four-Stroke up one percent to €316 million.

Notwithstanding the provisions for risks from a megacontract in progress, the operating profit again climbed, by €6 million to €57 million: at Two-Stroke by €4 million to €28 million, at Four-Stroke from €27 million to €29 million.

For fiscal 2007 we are budgeting an order volume equal to the very high level of €2,619 million in 2006. Given the continuing high production capacity utilization, the measures undertaken to boost output and the successful licensee and aftermarket businesses, we are predicting a sales surge from the 2006 level of €1,802 million and another appreciably improved operating profit (2006: €229 million).

<b>TURBO MACHINERY</b>			
<b>€ million</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>January to March</b>	<b>Q1</b>	<b>Q1</b>	<b>in %</b>
Order intake	354	316	+12
Net sales	218	183	+19
Employees *)	3,356	3,257	+3
			<b>€ mill.</b>
Operating profit	18	10	+8
ROS in %	8.2	5.7	-

\*) Headcount at March 31, 2007, versus Dec. 31, 2006

In the quarter under review, Turbo Machinery continued the solid progress of 2006. Strong demand from the relevant markets, especially on the part of the primary industries, the oil and gas sector and for air separators, coupled with stepped-up aftermarket demand again lifted order intake, by 12 percent to €354 million. An on-rush of new orders raised sales by 19 percent to €218 million. The larger volume of business and much improved margins pushed up the Q1 operating profit by €8 million to €18 million. First-quarter ROS rose from 5.7 to 8.2 percent.

For all of 2007 we expect order intake to stay strong, albeit slightly shy of the €1,498 million (2006) which had included several megacontracts. The sharp improvement in sales and operating profit reported for Q1 is set to continue through the following quarters to result in significant growth versus 2006 (sales: €908 million, operating profit: €71 million).

<b>INDUSTRIAL SERVICES</b>			
<b>€ million</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>January to March</b>	<b>Q1</b>	<b>Q1</b>	<b>in %</b>
Order intake	238	375	-36
thereof Projects	84	223	-62
thereof Services	154	152	+2
Net sales	304	293	+4
thereof Projects	165	160	+3
thereof Services	139	133	+5
Employees *)	4,168	4,290	-3
			<b>€ mill.</b>
Operating profit	32	23	+9
ROS in %	10.5	7.9	-

\*) Headcount at March 31, 2007, versus Dec. 31, 2006

With sizable contracts only expected in the following quarters, Q1/2007 order intake by Industrial Services at €238 million was as yet 36 percent below Q1/2006.

Sales edged up 4 percent to €304 million. Projects contributed €165 million, Services €139 million.

The operating profit at the MAN Ferrostaal Group added up to €32 million, an increase of €9 million. Strongly reflected in this figure is the prorated profit allocable to MAN Ferrostaal from the methanol and ammonia complex operator companies in which MAN Ferrostaal holds around 20 percent through an intermediary holding company.

For all of fiscal 2007 we still expect to top the operating profit of €119 million reported for fiscal 2006. The actual magnitude of order intake and sales is closely contingent on the award and realization of megaprojects.

<b>OTHERS/CONSOLIDATION</b>			
<b>€ million</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>January to March</b>	<b>Q1</b>	<b>Q1</b>	<b>in %</b>
Order intake	82	61	+36
thereof RENK	110	88	+26
thereof shared services/consolidation	(28)	(27)	-3
Net sales	84	35	-
thereof RENK	104	71	+46
thereof shared services/consolidation	(20)	(37)	+45
Employees *)	2,264	2,141	+6
thereof RENK	1,658	1,575	+5
thereof shared services	402	362	+11
thereof MAN AG	204	204	0
			€ mill.
Operating profit	10	0	+10
thereof RENK	18	8	+10
thereof MAN AG and shared services	(11)	(8)	-3
thereof investee Roland (at equity)	5	-	+5
thereof consolidation	(2)	0	-2

\*) Headcount at March 31, 2007, versus Dec. 31, 2006

Subsumed under the umbrella of Others/Consolidation are the industrial subsidiary RENK, as well as MAN AG as Corporate Center (including its shared services companies) and MAN intragroup consolidation transactions.

RENK's business volume again accelerated, with Q1 order intake of €110 million and sales of €104 million. Versus Q1/2006, the operating profit more than doubled to €18 million.

Q1 expenses of Corporate Center (including its shared services companies) totaled €11 million (up from €8 million). The prorated Q1/2007 investment income from the Roland Group came to €5 million; the year before, this investment had not yet been sold but disclosed as discontinued Printing Systems operation.

## Quarterly financial statements as of March 31, 2007

### MAN consolidated income statement

€ million	MAN Group		Industrial Business		Financial Services	
	2007	2006	2007	2006	2007	2006
<b>Q1</b>						
<b>Net sales</b>	<b>3,302</b>	<b>2,867</b>	<b>3,302</b>	<b>2,867</b>	–	–
Cost of sales	(2,512)	(2,224)	(2,512)	(2,224)	–	–
<b>Gross margin</b>	<b>790</b>	<b>643</b>	<b>790</b>	<b>643</b>	–	–
Other operating income	181	174	125	66	56	108
Selling expenses	(213)	(195)	(211)	(193)	(2)	(2)
General administrative expenses	(184)	(158)	(180)	(155)	(4)	(3)
Other operating expenses	(295)	(271)	(249)	(176)	(46)	(95)
Net P/L from associated affiliates	33	15	29	15	4	–
Other income from investments	6	3	6	3	–	–
<b>EBIT</b>	<b>318</b>	<b>211</b>	<b>310</b>	<b>203</b>	<b>8</b>	<b>8</b>
Interest income	11	11	11	10	–	1
Interest expense	(24)	(20)	(24)	(19)	0	(1)
<b>EBT</b>	<b>305</b>	<b>202</b>	<b>297</b>	<b>194</b>	<b>8</b>	<b>8</b>
Income taxes	(82)	(56)	(80)	(54)	(2)	(2)
Net result of discontinued operations	5	8	5	8	–	–
<b>EAT (net income)</b>	<b>228</b>	<b>154</b>	<b>222</b>	<b>148</b>	<b>6</b>	<b>6</b>
Minority interests	4	2	4	2	–	–
<b>Net income after minority interests</b>	<b>224</b>	<b>152</b>	<b>218</b>	<b>146</b>	<b>6</b>	<b>6</b>
<b>EpS of continuing operations in €</b>	<b>1.49</b>	<b>0.98</b>	<b>1.45</b>	<b>0.95</b>	<b>0.04</b>	<b>0.03</b>

## MAN consolidated balance sheet as of March 31, 2007

### Assets

€ million	MAN Group		Industrial Business		Financial Services	
	3/31/07	12/31/06	3/31/07	12/31/06	3/31/07	12/31/06
Intangible assets	443	439	442	438	1	1
Tangible assets	1,650	1,649	1,647	1,559	3	90
Investment properties	67	77	67	42	–	35
Shares in associated affiliates	226	196	222	196	4	–
Financial investments	1,745	1,400	1,745	1,399	–	1
Assets leased out	2,425	2,395	1,558	1,590	867	805
Deferred tax assets	725	697	721	692	4	5
Other noncurrent assets	147	145	146	145	1	0
<b>Noncurrent assets</b>	<b>7,428</b>	<b>6,998</b>	<b>6,548</b>	<b>6,061</b>	<b>880</b>	<b>937</b>
Inventories	3,308	3,032	3,262	2,983	46	49
Trade receivables	2,968	2,987	2,317	2,324	651	663
Income tax assets	29	25	29	25	–	–
Assets of discontinued operations	196	244	196	244	–	–
Other current assets	844	798	650	596	194	202
Cash and cash equivalents	1,034	1,162	1,020	1,147	14	15
<b>Current assets</b>	<b>8,379</b>	<b>8,248</b>	<b>7,474</b>	<b>7,319</b>	<b>905</b>	<b>929</b>
	<b>15,807</b>	<b>15,246</b>	<b>14,022</b>	<b>13,380</b>	<b>1,785</b>	<b>1,866</b>

## MAN consolidated balance sheet as of March 31, 2007

### Equity & liabilities

€ million	MAN Group		Industrial Business		Financial Services	
	3/31/07	12/31/06	3/31/07	12/31/06	3/31/07	12/31/06
Capital stock	376	376				
Additional paid-in capital	795	795				
Retained earnings	2,958	2,731				
Accumulated OCI	56	(144)				
<b>Stockholders' equity</b>	<b>4,185</b>	<b>3,758</b>	<b>4,041</b>	<b>3,622</b>	<b>144</b>	<b>136</b>
Minority interests	26	21	26	21	–	–
<b>Total equity</b>	<b>4,211</b>	<b>3,779</b>	<b>4,067</b>	<b>3,643</b>	<b>144</b>	<b>136</b>
Noncurrent financial liabilities	1,549	1,678	1,219	1,334	330	344
Pension obligations	835	946	833	943	2	3
Deferred tax liabilities	494	441	453	408	41	33
Other noncurrent accruals	519	509	519	509	0	0
Other noncurrent liabilities	1,394	1,354	1,394	1,352	–	2
<b>Noncurrent liabilities and accruals</b>	<b>4,791</b>	<b>4,928</b>	<b>4,418</b>	<b>4,546</b>	<b>373</b>	<b>382</b>
Current financial liabilities	506	430	367	327	139	103
Due to/(from) intragroup financing	–	–	(1,021)	(1,086)	1,021	1,086
Trade payables	1,608	1,602	1,543	1,513	65	89
Prepayments received	1,724	1,557	1,722	1,557	2	–
Current income tax liabilities	488	409	488	409	0	0
Liabilities of discontinued operations	89	95	89	95	–	–
Other current accruals	1,005	1,006	1,000	998	5	8
Other current liabilities	1,385	1,440	1,349	1,378	36	62
<b>Current liabilities and accruals</b>	<b>6,805</b>	<b>6,539</b>	<b>5,537</b>	<b>5,191</b>	<b>1,268</b>	<b>1,348</b>
	<b>15,807</b>	<b>15,246</b>	<b>14,022</b>	<b>13,380</b>	<b>1,785</b>	<b>1,866</b>

## MAN consolidated statement of cash flows

€ million	MAN Group		Industrial Business		Financial Services	
	2007	2006	2007	2006	2007	2006
<b>Q1</b>						
EBT	305	202	297	194	8	8
Current income taxes	(97)	(30)	(101)	(30)	4	0
Cash earnings of discontinued operations	2	5	2	5	–	–
Amortization/depreciation/write-down of noncurrent assets other than assets leased out	79	73	79	72	0	1
Change in pension accruals	5	6	5	6	0	0
Undistributed P/L of associated affiliates	(32)	(15)	(28)	(15)	(4)	–
Other noncash income/expenses, net	–	(1)	–	(1)	–	–
<b>Cash earnings</b>	<b>262</b>	<b>240</b>	<b>254</b>	<b>231</b>	<b>8</b>	<b>9</b>
Change in inventories	(275)	(322)	(277)	(322)	2	0
Change in prepayments received	165	106	163	105	2	1
Change in trade receivables	57	46	48	65	9	(19)
Change in trade payables	(2)	(49)	21	(48)	(23)	(1)
Change in income tax assets/liabilities	75	35	75	35	0	0
Change in assets leased out	(30)	6	32	28	(62)	(22)
Change in customer payments for assets leased out	(32)	(40)	(32)	(40)	–	–
Change in other accruals	9	(6)	11	(9)	(2)	3
Change in other assets	(47)	(8)	(44)	(17)	(3)	9
Change in other liabilities	25	38	45	31	(20)	7
Elimination of net gain/loss from fixed-asset disposal	(11)	1	(11)	1	0	–
Other changes in working capital	5	(6)	10	(6)	(5)	0
<b>Net cash provided by/(used in) operating activities</b>	<b>201</b>	<b>41</b>	<b>295</b>	<b>54</b>	<b>(94)</b>	<b>(13)</b>
Cash outflow for additions to tangible/intangible assets and investment properties	(87)	(80)	(86)	(80)	(1)	0
Cash outflow for additions to investments	(195)	(5)	(195)	(5)	–	–
Cash inflow from fixed-asset disposal	25	14	25	14	0	0
Net cash used in investing activities of discontinued operations	(1)	(4)	(1)	(4)	–	–
Cash inflow from the disposal of discontinued operations and investments	6	–	6	–	–	–
<b>Net cash used in investing activities</b>	<b>(252)</b>	<b>(75)</b>	<b>(251)</b>	<b>(75)</b>	<b>(1)</b>	<b>0</b>
<b>Free cash flow from operating and investing activities</b>	<b>(51)</b>	<b>(34)</b>	<b>44</b>	<b>(21)</b>	<b>(95)</b>	<b>(13)</b>

## MAN consolidated statement of cash flows (continued)

€ million	MAN Group		Industrial Business		Financial Services	
	2007	2006	2007	2006	2007	2006
<b>Q1</b>						
<b>Free cash flow from operating and investing activities</b>	<b>(51)</b>	<b>(34)</b>	<b>44</b>	<b>(21)</b>	<b>(95)</b>	<b>(13)</b>
Securities sold	0	8	0	8	–	–
Financial liabilities (redeemed)/incurred	(45)	(286)	(72)	(272)	27	(14)
Change in intragroup finance	–	–	(70)	(28)	70	28
Special endowment of pension plan	(32)	(44)	(32)	(44)	0	–
Net cash (used in)/provided by financing activities of discontinued operations	6	(2)	6	(2)	–	–
<b>Net cash (used in)/provided by financing activities</b>	<b>(71)</b>	<b>(324)</b>	<b>(168)</b>	<b>(338)</b>	<b>97</b>	<b>14</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(122)</b>	<b>(358)</b>	<b>(124)</b>	<b>(359)</b>	<b>2</b>	<b>1</b>
<b>Opening cash &amp; cash equivalents</b>	<b>1,162</b>	<b>1,019</b>	<b>1,147</b>	<b>1,009</b>	<b>15</b>	<b>10</b>
Consolidation-related change in cash & cash equivalents	–	(9)	3	(11)	(3)	2
Parity-related change in cash & cash equivalents	0	(5)	0	(2)	0	(3)
Change in cash & cash equivalents of discontinued operations (separate asset line)	(6)	(15)	(6)	(15)	–	–
<b>Closing cash &amp; cash equivalents</b>	<b>1,034</b>	<b>632</b>	<b>1,020</b>	<b>622</b>	<b>14</b>	<b>10</b>
<b>Breakdown of net liquid assets at 3/31/2007 and 12/31/2006</b>						
Cash & cash equivalents	1,034	1,162	1,020	1,147	14	15
Intragroup finance	–	–	1,021	1,086	(1,021)	(1,086)
Financial liabilities	(2,055)	(2,108)	(1,586)	(1,661)	(469)	(447)
	<b>(1,021)</b>	<b>(946)</b>	<b>455</b>	<b>572</b>	<b>(1,476)</b>	<b>(1,518)</b>

**MAN Group: Statement of changes in comprehensive income**

€ million		
Q1	2007	2006
Currency translation differences from non-German subsidiaries	(8)	(9)
Change in fair value of securities and financial investments	156	(7)
Change in fair value of financial derivatives	2	9
Change in actuarial losses on pensions	86	3
Offset of unrealized gains/losses from divestments	(2)	–
Proratable deferred taxes	(34)	(1)
<b>Gains/losses directly recognized in equity, net</b>	<b>200</b>	<b>(5)</b>
<b>Earnings after taxes (EAT)/net income</b>	<b>228</b>	<b>154</b>
<b>Comprehensive income</b>	<b>428</b>	<b>149</b>
thereof minority interests	4	2
<b>thereof MAN stockholders</b>	<b>424</b>	<b>147</b>

The €200 million net gain directly recognized in equity substantially includes the €156 million increase in fair value of the Scania stock held, the €86 million decrease in actuarial losses on pension obligations (after the discount rate for German obligations was stepped up from 4.25 percent at December 31, 2006, to 4.75 percent as of March 31, 2007) and the offsetting negative €33 million of deferred taxes proratable thereto. They are shown within the accumulated OCI.

## **Notes to the consolidated financial statements**

### **Details of the quarterly financial statements**

#### **General**

From the Executive Board's vantage point, the present unaudited quarterly report reflects all due interim adjustments required by good accounting practice for a reasonable view of the Group's asset and capital structure, financial position and results of operations. The performance data and results shown for this interim period do not necessarily allow of a forecast of the future business development.

Preparing the consolidated financial statements requires certain assumptions and estimates to be made by the Executive Board for the valuation and disclosure in the period of assets, liabilities and contingent liabilities, as well as the recognition of income and expenses. Actual values may differ from those estimates.

Besides the financial schedules, the quarterly accounts include notes to selected financial statement lines. For the segment report, see pages 8–13 hereof.

#### **Consolidation group**

The quarterly financial statements as of March 31, 2007, include 155 companies (up from 152 at year-end 2006), thereof 60 German (down from 61) and 95 foreign companies (up from 91). The consolidation group changes have but an insignificant impact on the quarterly accounts.

**Discontinued operations**

In the wake of its shareholding portfolio streamlining, the MAN Group disposed, or initiated the disposal, of several business units in 2006 which qualify for the disclosure as discontinued operations under the terms of IFRS 5. For these units, the posttax result, the net gain or loss from disposal, and the assets, liabilities and cash flows are all shown in separate lines. In accordance with IFRS 5, the prior-period income statement data of any business units which the year before had not yet been reported as discontinued operations has been adjusted accordingly, whereas the prior-period comparatives of the balance sheet as of December 31, 2006, and the cash flow statement have not.

In fiscal 2007, MAN Ferrostaal's steel-trading business qualifies as a discontinued operation while the prior-year data also includes the Printing System business area (sold on July 18, 2006).

As discontinued operations, Printing Systems (Q1/2006) and the steel-trading business (Q1/2006 and 2007) generated the following 3-month sales, income and expenses:

€ million		
Q1	2007	2006
Net sales	279	659
Expenses, other income	(270)	(641)
<b>Operating profit</b>	<b>9</b>	<b>18</b>
Net interest expense	(2)	(5)
Income taxes	(2)	(5)
<b>Net result (posttax profit)</b>	<b>5</b>	<b>8</b>

The steel-trading unit's assets separately disclosed in the balance sheet as of March 31, 2007, at €196 million (down from €244 million at December 31, 2006) include noncurrent assets of €18 million (up from €16 million) and current assets of €178 million (down from €228 million). Its total liabilities of €89 million break down into €3 million noncurrent, and €86 million current, liabilities and accruals (down from €4 million and €91 million, respectively).

The cash flow statement includes the following three-month cash flows of discontinued operations:

€ million		
Q1	2007	2006
Cash flow from operating activities	47	(28)
Cash flow from investing activities	(1)	(4)
Cash flow from financing activities	6	(2)

The reclassification of the steel-trading unit into discontinued operations as well as the different disclosure of Financial Services' income and expenses change the prior-year Q1 comparatives. The change (though made in, and explained in the notes to the consolidated financial statements for, fiscal 2006) had not yet been mirrored in the Q1/2006 report.

## Reconciled income statement 2006 (like-for-like)

€ million Q1	2006 published	Adj. Steel Trade	Change Financial Service	2006 LFL
<b>Net sales</b>	<b>3,190</b>	<b>(248)</b>	<b>(75)</b>	<b>2,867</b>
Cost of sales	(2,518)	240	54	(2,224)
<b>Gross margin</b>	<b>672</b>	<b>(8)</b>	<b>(21)</b>	<b>643</b>
Selling expenses	(200)	5	–	(195)
General administrative expenses	(160)	2	–	(158)
All other income/expenses, net	(87)	(3)	11	(79)
<b>EBIT</b>	<b>225</b>	<b>(4)</b>	<b>(10)</b>	<b>211</b>
Net interest expense of Financial Services	(10)	–	10	0
Net interest expense of Industrial Business	(11)	2	–	(9)
<b>EBT</b>	<b>204</b>	<b>(2)</b>	<b>0</b>	<b>202</b>
Income taxes	(56)	0	–	(56)
Posttax profit of discontinued operations	6	2	–	8
<b>EAT (net income)</b>	<b>154</b>	<b>–</b>	<b>–</b>	<b>154</b>
Minority interests	2	–	–	2
<b>Net income after minority interests</b>	<b>152</b>	<b>–</b>	<b>–</b>	<b>152</b>
<b>EpS of continuing operations (€)</b>	<b>1.00</b>	<b>(0.02)</b>	<b>–</b>	<b>0.98</b>
<b>Order intake</b>	<b>4,179</b>	<b>(311)</b>	<b>51</b>	<b>3,919</b>
<b>Operating profit</b>	<b>215</b>	<b>(4)</b>	<b>–</b>	<b>211</b>

## Notes to the income statement

### Other operating income

€ million		
Q1	2007	2006
Gains from financial instruments	83	47
Income from Financial Services	46	75
Income from the release of accruals	11	5
Income from other trade business	15	16
Gains from the disposal of tangible/intangible assets	5	2
Miscellaneous	21	29
	<b>181</b>	<b>174</b>

The gains from financial instruments basically reflect the results from remeasuring currency and interest rate hedges and effectively hedged underlyings (according to the IAS 39 hedge accounting rules) and contrast with substantially same-amount losses on financial instruments (shown as other operating expenses).

The income from Financial Services represents that earned from the business of MAN Finance. The slump from the 2006 level is largely attributable to the shift from operating to capital leases.

### Other operating expenses

€ million		
Q1	2007	2006
Research and development	69	68
Losses on financial instruments	86	53
Provisions in the period	34	35
Expenses from Financial Services	27	65
Allowances for receivables	9	5
Miscellaneous	70	45
	<b>295</b>	<b>271</b>

### Net interest expense

€ million		
Q1	2007	2006
Interest and similar income	15	14
less interest income reclassified into net sales	(4)	(3)
Interest and similar expenses	(21)	(15)
Interest portion of addition to pension accruals	(18)	(17)
Interest income from CTA plan assets	6	2
less interest expense of Financial Services reclassified into other operating expenses	9	10
	<b>(13)</b>	<b>(9)</b>

### Income taxes

The Q1 income tax expense has been determined by applying to Q1 EBT the effective tax rate estimated for the MAN Group for the full year 2007 on the basis of the current earnings and tax budget.

### Posttax result of discontinued operations

The posttax result of discontinued operations breaks down as follows:

€ million		
Q1	2007	2006
Steel Trade	5	2
Printing Systems (MAN Roland)	–	6
	<b>5</b>	<b>8</b>

### Earnings per share

€ million		
Q1	2007	2006
Net income after minority interests	224	152
less posttax result of discontinued operations	5	8
<b>Net income from continuing operations after minority interests</b>	<b>219</b>	<b>144</b>
Number of shares outstanding (million)	147.0	147.0
<b>EpS (€)</b>	<b>1.49</b>	<b>0.98</b>

The number of shares outstanding on an annual average is divided into the Group's net income from continuing operations after minority interests to obtain earnings per share. Unchanged versus 2006, the number of shares includes both common and preferred stock as both classes equally share in the 2007 earnings.

No unexercised stock options existed to dilute earnings per share, whether at March 31, 2007 or 2006. If MAN AG's contingent (authorized but unissued) capital is issued, earnings will be diluted in the future.

## Notes to the balance sheet

### Intangible assets

€ million	3/31/2007	12/31/2006
Licenses, software, similar rights and assets	41	43
Capitalized development costs	217	211
Goodwill	185	185
	<b>443</b>	<b>439</b>

### Tangible assets

€ million	3/31/2007	12/31/2006
Land and buildings	789	793
Production plant and machinery	518	525
Other plant, factory and office equipment	202	207
Prepayments on tangibles, construction in progress	141	124
	<b>1,650</b>	<b>1,649</b>

### Investments

€ million	3/31/2007	12/31/2006
Scania stock	1,573	1,254
Other financial investments	172	146
Shares in associated affiliates	226	196
	<b>1,971</b>	<b>1,596</b>

The Scania stock comprises 15,186,773 class A shares and 11,281,486 class B shares and was stated at fair value as of March 30, 2007, based on the stock market price; the €156 million difference in value versus December 31 has been recognized in, and only in, OCI within equity.

The shares in associated affiliates mainly refer to those held in Roland Holding GmbH and CEL Consolidated Energy, Trinidad & Tobago. The key data of associated affiliates (including their consolidated subsidiaries) reads as follows:

€ million	3/31/2007	12/31/2006
Assets	2,909	2,560
Liabilities	1,994	1,886
Net sales (3 months)	466	2,104
EBT (3 months)	75	123

### Inventories

€ million	3/31/2007	12/31/2006
Work in process, finished products	2,077	1,838
Raw materials and supplies	430	487
Merchandise	598	548
Prepayments made	203	159
	<b>3,308</b>	<b>3,032</b>

### Trade receivables

€ million	3/31/2007	12/31/2006
Receivables from customers	2,262	2,240
Receivables under capital leases	525	536
PoC receivables	134	125
Due from investees	47	86
	<b>2,968</b>	<b>2,987</b>

### MAN Group: Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Retained earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
<b>Balance at December 31, 2006</b>	<b>376</b>	<b>795</b>	<b>2,731</b>	<b>(144)</b>	<b>3,758</b>	<b>21</b>	<b>3,779</b>
Net income			224		224	4	228
OCI: currency translation differences				(8)	(8)		(8)
OCI: change in unrealized gains/losses				210	210	1	211
All other changes			3	(2)	1		1
<b>Balance at March 31, 2007</b>	<b>376</b>	<b>795</b>	<b>2,958</b>	<b>56</b>	<b>4,185</b>	<b>26</b>	<b>4,211</b>
<b>Balance at December 31, 2005</b>	<b>376</b>	<b>795</b>	<b>2,043</b>	<b>(245)</b>	<b>2,969</b>	<b>56</b>	<b>3,025</b>
Net income			152		152	2	154
OCI: currency translation differences			(3)	(9)	(12)		(12)
OCI: change in unrealized gains/losses of discontinued operations				4	4		4
All other changes			2		2	(24)	(22)
<b>Balance at March 31, 2006</b>	<b>376</b>	<b>795</b>	<b>2,194</b>	<b>(250)</b>	<b>3,115</b>	<b>34</b>	<b>3,149</b>

For details of changes in OCI from unrealized gains/losses, see page 19.

### Other accruals

€ million	3/31/2007	12/31/2006
Warranties	477	485
Other business obligations	411	382
Unbilled costs from contracts invoiced	197	212
Obligations to personnel	255	260
Remaining accruals	184	176
	<b>1,524</b>	<b>1,515</b>

The other accruals are disclosed within these balance sheet captions:

€ million	3/31/2007	12/31/2006
Other noncurrent accruals	519	509
Other current accruals	1,005	1,006

### Financial liabilities

€ million	3/31/2007	12/31/2006
Due to banks	1,662	1,719
Bonds	301	302
Commercial paper	92	87
	<b>2,055</b>	<b>2,108</b>

### Contingent liabilities and assets

€ million	3/31/2007	12/31/2006
Guaranties and suretyships	482	472
Buyback guaranties	214	192
Notes endorsed and discounted	10	12
Warranty and indemnity contracts	2	2

The obligations underlying these contingent liabilities have remained substantially unchanged in comparison to December 31, 2006.

Q1/2007 did not see any new developments in the ERF indemnification case and the ensuing contingent asset (damages due from Freightliner Ltd.) that would warrant any changed accounting for this claim.

### Other financial obligations

These exist under various leases and totaled €514 million as of March 31, 2007 (down from €535 million at December 31, 2006).

Further financial obligations to third parties have been taken on for capital expenditure projects in progress and uncompleted sourcing contracts but are within the scope of day-to-day business and therefore do not impact on the financial position.

### Segment reporting

In this quarterly report, the breakdown by business area of order intake, sales and operating profit is modeled on the MAN Group's segment report. The MAN Group's reporting structure has remained basically unchanged from that at December 31, 2006, except that Financial Services (MAN Finance Group) has since January 1, 2007, been assigned to Commercial Vehicles. The real-estate and insurance companies previously included in the MAN Finance segment were reallocated to the shared services of Corporate Center or to other group segments.

### Subsequent events

No reportable events occurred after the quarterly closing date.

**Munich, May 3, 2007**

**MAN AG**

**The Executive Board**

<b>Financial diary of MAN AG</b>	
Annual general meeting on fiscal 2006	May 10, 2007
Interim Report Q2/2007	August 2, 2007
Interim Report Q3/2007	November 6, 2007
Annual press conference	March 6, 2008
Analyst conference	March 6, 2008
Internet publication of annual report	March 7, 2008
Annual general meeting on fiscal 2007	April 25, 2008
Interim Report Q1/2008	May 6, 2008
Interim Report Q2/2008	July 30, 2008

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