ENGINEERING THE FUTURE – SINCE 1758

Interim Report as of June 30, 2008 – Q2 2008
MAN AG

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Introduction

The Group interim financial report of MAN Aktiengesellschaft meets the requirements for a half-yearly financial report in accordance with the applicable provisions of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) and, in accordance with section 37w(2) of the WpHG, comprises the interim consolidated financial statements, the interim management report of the Group, and a responsibility statement. The interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related Interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The Group interim financial report should be read in conjunction with our annual report and the additional information on the Company contained in it.

MAN Group in Q2 2008:

Strong net sales and earnings growth

- Order intake up 8% to €10.3 billion in the first half of 2008, and up 8% to €5.1 billion in Q2 – decline in Commercial Vehicles order intake

- Strong net sales growth: up 20% to €8.1 billion after six months (€6.8 billion), and up 23% to €4.3 billion in Q2 (€3.5 billion)

- At €1,017 million in H1/2008 (€721 million), operating profit exceeds the one billion mark for the first time; operating profit up 39% to €562 million in Q2 (€403 million)

- Return on sales (ROS) 12.6% in the first six months (10.7%), or 11.9% (10.0%) excluding Scania dividend (€57 million)

- Earnings per share €4.75 compared with €3.55 (including nonrecurring income: €5.18 compared with €4.47)

- Outlook: For 2008, we expect the order intake to normalize, net sales to increase by a good 10% as against 2007 (€15.5 billion), and a return on sales of just under 12%.

At a Glance

MAN Group	H1/2008	H1/2007	Change	Q2/2008	Q2/2007	Change
€ million (unless otherwise stated)			**in %**			**in %**
Order intake	10,302	9,567	8	5,117	4,754	8
Germany	2,149	2,469	–13	944	1,045	–10
Abroad	8,153	7,098	15	4,173	3,709	13
Net sales	8,092	6,769	20	4,258	3,467	23
Germany	2,023	1,679	21	1,128	823	37
Abroad	6,069	5,091	19	3,130	2,644	18
Order backlog [1]	16,525	14,750	12	16,525	14,750	12
Headcount [1] [2]	57,179	55,086	4	57,179	55,086	4
thereof temporary employees [1]	4,051	4,031	0	4,051	4,031	0
Germany	32,383	31,611	2	32,383	31,611	2
Abroad	24,796	23,475	6	24,796	23,475	6
			in € million			**in € million**
Operating profit	1,017	721	296	562	403	159
Nonrecurring income, net	65	241	–176	65	241	–176
Earnings before taxes (EBT)	1,080	935	145	627	630	–3
Earnings after taxes (EAT)/net income	768	668	100	446	440	6
Earnings per share from continuing operations (€)	5.18	4.47	0.71	3.01	2.98	0.03
Earnings per share from continuing operations excl. nonrecurring income (€)	4.75	3.55	1.20	2.58	2.06	0.52
Return on sales (ROS) in %	12.6	10.7	–	13.2	11.6	–
Net result of discontinued operations	–	5	–	–	0	–
Capital expenditures	428	402	26	162	120	42
Amortization / depreciation / write-down	164	220	–56	86	141	–55
R&D expenditures	221	200	21	112	101	11
Cash earnings	879	776	103	533	514	19
Cash flow from operating activities	513	968	–455	294	767	–473
Cash flow from investing activities	–284	–243	–41	–138	9	–147
Free cash flow	229	725	–496	156	776	–620
Net financial debt [1]	–672	–447	–225	–672	–447	–225
Equity [1]	4,586	5,177	–591	4,586	5,177	–591

Any differences in this Group interim financial report are due to rounding.

[1] As of June 30, 2008, compared with December 31, 2007
[2] Including temporary employees

Interim Management Report of the Group as of June 30, 2008

Economic environment

Global economic development remained mixed in the second quarter. The financial market crisis has not yet been overcome, and the extent to which it will curb growth in the real economy is still unclear. Economic growth is being impacted by commodity and energy prices – which have soared in some cases – and the continued strong euro, while inflation has also risen sharply. The U.S. economy is particularly affected by these factors. The momentum in the growth markets of Asia and Central and Eastern Europe has slowed, although economic growth remains dynamic in these markets – especially in China and Russia.

Further increase in order intake, strong net sales growth

As expected, growth in the order intake slowed in the first half of 2008 following the substantial increase last year. We booked orders worth €10.3 billion in the first six months of 2008, up 8% on the prior-year period (€9.6 billion). The order intake in the second quarter amounted to €5.1 billion compared with €4.8 billion (+8%).

Incoming orders are now beginning to normalize after delivery times for commercial vehicles reached an exceptional level due to the large number of orders in recent quarters. The order intake in the Commercial Vehicles business area totaled €6.3 billion in the first half of 2008, down 3% year-on-year (€6.5 billion). Diesel Engines again increased its orders in the first six months compared with the extremely high prior-year level; the order intake rose by 17% to €1.8 billion (€1.5 billion). At €0.7 billion, Turbo Machinery's order intake in the first half of 2008 was up slightly on the previous year (+2%). The Industrial Services business area doubled its order intake year-on-year to €1.3 billion in the first half of 2008 (€0.6 billion); this was due in particular to the contract for a major project being signed.

Orders from abroad increased by 15% to €8.2 billion in the first six months of 2008. Most of this growth is attributable to the Project business within Industrial Services, as well as to orders for Diesel Engines. By contrast, the order intake in Germany fell by 13% to €2.1 billion (€2.5 billion) in the first half of the year, primarily due to lower truck orders. The order backlog reached a new record of €16.5 billion, climbing by 12% since the beginning of the year (€14.8 billion).

In the first half of 2008, we significantly increased net sales by 20% to €8.1 billion (€6.8 billion), with all business areas recording double-digit growth. The strongest growth was generated by Commercial Vehicles, which lifted its net sales by €0.8 billion to €5.4 billion (€4.6 billion) (+17%). Net sales at Diesel Engines were up by 27% to €1.2 billion (€0.9 billion), at Turbo Machinery by 18% to €0.6 billion, and at Industrial Services by 24% to €0.7 billion. Net sales from abroad rose to €6.1 billion (+19%), while net sales in Germany reached €2.0 billion (+21%).

Further increase in profitability

In the second quarter, we continued the substantial improvement in earnings that we achieved in the first quarter. The MAN Group's operating profit rose by 39% to €562 million (€403 million); the dividend payment from Scania accounted for €57 million of this (€43 million). At €1,017 million (€721 million), the MAN Group's operating profit exceeded the one billion mark for the first time on a cumulative basis over the first six months (+41%). We therefore increased our return on sales, excluding the Scania dividend, by just under two percentage points from 10.0% in the previous year to 11.9% in the first half of 2008. Including the Scania dividend, the return on sales reached 12.6% (10.7%).

All business areas contributed to the further increase in the MAN Group's profitability and lifted their return on sales and operating profit year-on-year in both the second quarter and the first six months. Commercial Vehicles increased its operating profit by €169 million from €434 million in the previous year to €603 million (+39%), primarily due to higher volumes. As a result, the return on sales after the first six months amounted to 11.2% (9.4%). Diesel Engines also significantly improved its operating profit in the first half of the year from €123 million to €179 million (+46%) together with an increase in the return on sales, which climbed to 14.9% (13.1%). Turbo Machinery lifted its prior-year operating profit of €41 million by more than half to €63 million, generating a return on sales of 11.0% (8.5%). Industrial Services improved its operating profit to €68 million (€53 million) in the first six months; this corresponds to a return on sales of 9.5% (9.2%).

As in the previous year, we reported the stock split and subsequent stock repurchase by Scania as a nonrecurring item within income from financial investments. This nonrecurring income amounts to €65 million in the half-yearly financial statements. In the prior-year period, nonrecurring income totaled €241 million, of which €33 million related to the stock split and subsequent stock repurchase by Scania.

The MAN Group's earnings before taxes including nonrecurring income improved to €1,080 million in the first half of the year (€935 million). Net income rose to €768 million (€668 million). Excluding nonrecurring income, earnings per share from continuing operations reached €4.75 compared with €3.55 in the prior-year period. Including nonrecurring income, it amounts to €5.18 (€4.47).

Outlook for the MAN Group

The economic outlook is largely dependent on overcoming the financial market crisis, the stabilization of energy and commodity prices, inflation trends, and the euro/dollar exchange rate. No significant improvement in these factors is currently apparent. Despite these risks, fundamental long-term growth forecasts appear to be intact. We therefore continue to regard the economic outlook for the markets relevant to our products as generally positive, although we expect a slowdown in demand for commercial vehicles.

We continue to forecast positive development for full-year 2008: While we expect the MAN Group's order intake to normalize, we will increase net sales by a good 10% in 2008 compared with the prior-year figure (€15.5 billion). We are predicting our full-year return on sales (ROS) to be just under 12% (previous year: 11.2%).

High cash earnings in the Industrial Business

In the first six months, cash earnings improved from €776 million in the previous year to €879 million. Cash earnings in the prior year included €236 million from the ERF settlement. Cash flow from operating activities generated by the Industrial Business reached €807 million, while Financial Services recorded cash flow from operating activities of €–294 million due to the planned expansion of the financing business with commercial vehicle customers. The MAN Group's cash flow from operating activities therefore totaled €513 million in the first half of the year.

In addition to the investments in tangible assets, the net cash used in investing activities of €284 million mainly reflects the sale of Scania B shares and in return the purchase of Scania A shares, and the acquisition of 25.13% in EURO-Leasing GmbH in the first quarter. The MAN Group's free cash flow thus reached €229 million in the second quarter of 2008, while the figure for the Industrial Business is €554 million.

The MAN Group's net financial debt amounted to €672 million on June 30, 2008, compared with €447 million at the end of 2007; the Industrial Business had net liquid assets of €1,224 million (€1,148 million). The rising business volume at Financial Services is increasingly being financed externally; net financial debt recorded by Financial Services therefore rose to €1,896 million in the first half of the year (€1,595 million).

Headcount continues to grow

As of June 30, 2008, the MAN Group employed 57,179 people, an increase of 2,093 compared with December 31, 2007 (55,086). At the end of the second quarter, the workforce totaled 32,383 people in Germany, and 24,796 abroad; the proportion of employees abroad was therefore unchanged at 43%.

The growth in the headcount is attributable to the continued volume increase in the manufacturing areas. The number of employees at Commercial Vehicles rose by 1,311 to 37,902. There were also increases at Diesel Engines (+322 to 7,705), Turbo Machinery (+195 to 4,206), and Industrial Services (+95 to 4,782). The MAN Group had 4,051 temporary employees as of June 30, 2008 (December 31, 2007: 4,031).

Risk report

The MAN Group's risk situation has not changed significantly as against our assessment in the financial statements for 2007.

MAN stock

The first half of 2008 on the global stock markets was dominated by the poor economic outlook in the United States and the related fears of recession. In addition, rising crude oil and commodity prices led to inflation in the euro zone which, coupled with expectations of increasing interest rates, additionally impacted Germany's leading index, the DAX. On July 3, 2008, the European Central Bank raised its key interest rate for the first time since the outbreak of the credit crisis by 25 basis points to 4.25%. All in all, the DAX's 20th anniversary year began with the worst first six months in its history. MAN stock was also unable to escape this trend and lost more than a third of its value.

In the period from January 1, 2008 to June 30, 2008, the MAN share of common stock fell by €43.29 or 38% from a closing price of €113.80 on December 28, 2007 to €70.51 on June 30, 2008. The DAX lost 20% of its value in the same period.

On June 30, 2008, MAN AG's index-related market capitalization amounted to €8,354 million, based on a 70.1% free float. MAN was therefore 22nd in the DAX ranking at the end of the quarter, compared with 20th in the previous quarter. In terms of trading volume, MAN remained in 19th position in the first half of 2008.

Key data by business area

Order intake by business area

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Commercial Vehicles	6,286	6,504	–3	2,766	2,994	–8
Diesel Engines	1,803	1,537	17	899	908	–1
Turbo Machinery	737	723	2	369	370	0
Industrial Services	1,299	647	101	1,006	409	146
Others / consolidation	177	155	14	77	73	5
MAN Group	**10,302**	**9,567**	**8**	**5,117**	**4,754**	**8**

Net sales by business area

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Commercial Vehicles	5,380	4,608	17	2,830	2,370	19
Diesel Engines	1,199	941	27	629	484	30
Turbo Machinery	571	482	18	317	264	20
Industrial Services	720	580	24	367	276	33
Others / consolidation	221	157	41	116	73	58
MAN Group	**8,092**	**6,769**	**20**	**4,258**	**3,467**	**23**

Operating profit by business area

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Commercial Vehicles	603	434	39	323	233	39
Diesel Engines	179	123	46	95	66	44
Turbo Machinery	63	41	54	35	23	52
Industrial Services	68	53	28	36	21	71
Others / consolidation	104	70	49	73	60	22
Operating profit	**1,017**	**721**	**41**	**562**	**403**	**39**
Nonrecurring income	65	241	–73	65	241	–73
Net interest expense	–2	–27	–	0	–14	–
EBT	**1,080**	**935**	**16**	**627**	**630**	**0**
Income taxes	–312	–272	–	–181	–190	–
Net result of discontinued operations	–	5	–	–	0	–
EAT/net income	**768**	**668**	**15**	**446**	**440**	**1**

In this Group interim financial report, the breakdown of order intake, net sales, and operating profit by business area is based on the segment reporting used in the MAN Group. The MAN Group's reporting structure is essentially unchanged as against December 31, 2007.

The business areas in detail

COMMERCIAL VEHICLES

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Order intake	6,286	6,504	–3	2,766	2,994	–8
thereof Trucks	5,554	5,688	–2	2,356	2,505	–6
thereof Buses	731	816	–10	410	490	–16
Order intake (units)	57,725	68,076	–15	22,917	29,615	–23
thereof Trucks	54,227	63,777	–15	20,838	27,190	–23
thereof Buses	3,498	4,299	–19	2,079	2,425	–14
Net sales	5,380	4,608	17	2,830	2,370	19
thereof Trucks	4,681	3,898	20	2,445	1,991	23
thereof Buses	699	711	–2	385	379	2
Vehicle sales (units)	53,307	46,914	14	28,201	24,523	15
thereof Trucks	50,070	43,275	16	26,316	22,599	16
thereof Buses	3,237	3,639	–11	1,885	1,924	–2
Employees [1) 2)]	37,902	36,591	4	37,902	36,591	4
			in € million			in € million
Operating profit/loss	603	434	169	323	233	90
thereof Trucks	593	431	162	317	242	75
thereof Buses	3	–13	16	1	–17	18
thereof Financial Services	7	16	–9	5	8	–3
ROS in %	11.2	9.4	–	11.4	9.8	–

1) Headcount as of June 30, 2008 vs. December 31, 2007
2) Including temporary employees

Incoming orders at Commercial Vehicles are now beginning to normalize after delivery times reached an exceptional level due to the large number of orders in recent quarters. At €5,554 million, the order intake for Trucks was 2% below the prior-year level (€5,688 million). The order intake in terms of truck units fell by 15% in the first half of the year. The much lower 2% decline in the order intake figure is mainly due to an improved model mix and higher-margin features in the vehicles sold. The order intake in the Buses division declined, in particular due to the drop in the number of coaches and cross-country buses sold. This was partially offset by the major order placed by the city of Ankara for 552 city buses (€83 million) in June, which meant that the overall order intake for buses was 10% below the previous year at €731 million. The order intake in terms of bus units fell even more by 19% because fewer chassis were ordered.

Net sales at Commercial Vehicles rose by 17% to €5,380 million. The Trucks division primarily recorded an increase in net sales of heavy vehicles by €4,681 million (+20%). Net sales of buses fell by 2% to €699 million. The drop in bus unit sales relates exclusively to chassis, which generated significantly lower revenue per vehicle. Deliveries of complete buses were 8% higher than in the first half of the previous year.

The earnings situation at Commercial Vehicles continued to improve in the first half of 2008. Operating profit increased by €169 million to €603 million (€434 million), primarily due to higher volumes, and the return on sales thus rose to 11.2% (9.4%). The Trucks division generated a return on sales of 12.7% in the first six months (11.1%), to which the heavy trucks contributed a return on sales of 13.9% (12.8%).

Following the losses in the past fiscal year, the Buses division generated an operating profit of €3 million in the first six months (operating loss of €13 million). The steps taken to restructure the division included the complete integration of the bus operations into the Commercial Vehicles organization and the restructuring of Neoplan's plants in Germany. We expect the implementation of these restructuring measures to lead to a substantial year-on-year improvement in earnings in 2008.

In view of the healthy order backlog at Trucks and the initial progress in restructuring the Buses division, we remain confident about business development for the rest of the year. Overall, in 2008 we expect net sales to increase to around €11 billion (€10.4 billion) and the return on sales to be on a level with the first half of the year.

DIESEL ENGINES

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Order intake	1,803	1,537	17	899	908	–1
thereof Two-Stroke	571	443	29	255	247	3
thereof Four-Stroke	1,232	1,094	13	644	661	–3
Net sales	1,199	941	27	629	484	30
thereof Two-Stroke	365	290	26	185	149	24
thereof Four-Stroke	834	651	28	444	335	33
Employees [1) 2)]	7,705	7,383	4	7,705	7,383	4
			in € million			**in € million**
Operating profit	179	123	56	95	66	29
thereof Two-Stroke	89	66	23	43	38	5
thereof Four-Stroke	90	57	33	52	28	24
ROS in %	14.9	13.1	–	15.0	13.7	–

1) Headcount as of June 30, 2008 vs. December 31, 2007
2) Including temporary employees

With an order intake of €899 million in the second quarter of 2008, Diesel Engines again matched the volume of the prior-year quarter. In the first half of 2008, the order volume of €1,803 million exceeded the already high prior-year figure of €1,537 million by 17%. In the very profitable Two-Stroke division, orders amounted to €571 million, up 29% on the previous year (€443 million). The orders at Four-Stroke rose by 13% to €1,232 million (€1,094 million). The power plant business in particular recorded an encouragingly high order intake in the reporting period.

Net sales totaled €1,199 million in the first half of 2008, up 27% on the prior-year figure of €941 million. Two-Stroke's net sales increased by 26% year-on-year to €365 million (€290 million), while Four-Stroke's net sales were up by 28% on the previous year to €834 million (€651 million). The extremely tight delivery situation at many suppliers has not fundamentally improved.

Operating profit improved by €56 million compared with the previous year to €179 million (+46%). Two-Stroke's operating profit rose by €23 million to €89 million (€66 million), while Four-Stroke's operating profit climbed to €90 million (€57 million). As a result, the return on sales was 14.9% in the first half of 2008 (13.1%).

For fiscal year 2008, we expect another encouraging order intake that is slightly below the previous year's record level (€3,371 million). We are forecasting 20% year-on-year growth in net sales. Operating profit will also continue to improve significantly compared with 2007 (€313 million).

TURBO MACHINERY

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Order intake	737	723	2	369	370	0
Net sales	571	482	18	317	264	20
Employees [1) 2)]	4,206	4,011	5	4,206	4,011	5
			in € million			in € million
Operating profit	63	41	22	35	23	12
ROS in %	11.0	8.5	–	11.0	8.7	–

1) Headcount as of June 30, 2008 vs. December 31, 2007
2) Including temporary employees

The strong demand for turbo machinery and drive turbines continued in the second quarter of 2008. With an order intake of €737 million, Turbo Machinery again exceeded the high prior-year figure of €723 million. While the New Plant unit recorded a slight year-on-year decline in orders, demand for services further increased. The Services unit therefore continued its strong performance from the first quarter and substantially increased its order intake as against the previous year. This is also due to sustained efforts to develop the markets, that began in previous quarters.

The continued strong order situation and the further expansion of capacity led to a significant year-on-year increase in net sales, which climbed by 18% to €571 million due to the growth achieved in the New Plant unit and in particular in Services. Higher net sales, improved margins from invoicing, and the continued high capacity utilization lifted the operating profit by €22 million year-on-year to €63 million. As a result, Turbo Machinery generated a double-digit return on sales of 11.0% in the first half of 2008, compared with 8.5% in the prior-year period. This substantial improvement in earnings quality was also driven by the measures implemented in previous years to optimize business processes.

On the basis of the order intake in the middle of the fiscal year, we expect Turbo Machinery's full-year 2008 order volume to remain at the high prior-year level (€1,454 million). In the second half of the year, we aim to continue the growth in net sales and operating profit that we achieved in the first six months, and therefore significantly exceed prior-year net sales (€1,108 million) and operating profit (€104 million). The capacity expansion and purchasing measures that we have initiated to improve subcontractor delivery times will play a key role here.

INDUSTRIAL SERVICES

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Order intake	1,299	647	101	1,006	409	146
thereof Projects	990	251	295	861	167	417
thereof Services	309	397	–22	145	242	–40
Net sales	720	580	24	367	276	33
thereof Projects	444	273	63	212	108	97
thereof Services	277	307	–10	154	168	–8
Employees [1) 2)]	4,782	4,687	2	4,782	4,687	2
			in € million			in € million
Operating profit	68	53	15	36	21	15
ROS in %	9.5	9.2	–	9.8	7.6	–

1) Headcount as of June 30, 2008 vs. December 31, 2007
2) Including temporary employees

Industrial Services generated a cumulative order intake of €1,299 million in the first half of 2008 – double the figure for the previous year. This increase is attributable to the Projects division, which recorded an order intake of €737 million in June for a Venezuelan power plant project. The Services division was slightly below the prior-year figure.

Cumulative net sales amounted to €720 million, up 24% year-on-year. The Projects division in particular exceeded the 2007 figure (+63%) because it has recorded significant progress in a major order in Trinidad since the beginning of the year. Net sales generated by Services were down 10% year-on-year as two major orders in the form of a rolling mill line in China and a gas pipeline in Uzbekistan were invoiced in the first half of 2007. At €68 million, operating profit in the Industrial Services business area was up significantly on the previous year (€53 million), taking the return on sales in the first six months to 9.5% (9.2%).

For fiscal year 2008, we expect the operating profit to be on a level with the prior-year figure (€179 million). We are forecasting substantial year-on-year growth in the order intake, although this depends heavily on the award of major projects.

OTHERS/CONSOLIDATION

€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Order intake	177	155	14	77	73	5
thereof Renk	215	221	–2	101	111	–9
thereof shared services/consolidation	–38	–66	–	–24	–38	–
Net sales	221	157	41	116	73	58
thereof Renk	247	196	26	129	92	41
thereof shared services/consolidation	–26	–39	–	–13	–18	–
Employees [1) 2)]	2,584	2,414	7	2,584	2,414	7
thereof Renk	2,020	1,854	9	2,020	1,854	9
thereof shared services	373	361	3	373	361	3
thereof MAN AG	191	199	–4	191	199	–4
			in € million			in € million
Operating profit/loss	104	70	34	73	60	13
thereof Renk	37	31	6	18	13	5
thereof MAN AG and shared services	–3	–12	9	–15	–1	–14
thereof Scania dividend payout	57	43	14	57	43	14
thereof investee Roland (at equity)	8	11	–3	4	6	–2
thereof consolidation	5	–3	8	9	–1	10

1) Headcount as of June 30, 2008 vs. December 31, 2007
2) Including temporary employees

"Others/Consolidation" comprises the Renk industrial subsidiary, the MAN AG Corporate Center and its shared services companies, as well as the consolidation items between the MAN Group's business areas.

At €215 million, Renk's order intake in the first six months was on a level with the previous year (€221 million). Sales rose by 26% to €247 million (€196 million). Operating profit climbed to €37 million (€31 million), despite being impacted by increased warranty costs for vehicle gearboxes. As a result, Renk's return on sales fell to 14.9% (15.8%).

In the first six months of 2008, the operating loss in the Corporate Center and its shared services companies amounted to €3 million (€12 million). This improvement is mainly due to the realization of share price gains of €14 million from the exchange of Scania B shares for Scania A shares in the first quarter and the gain of €6 million on the sale of investment properties.

Interim Consolidated Financial Statements as of June 30, 2008

MAN Consolidated Income Statement

reporting period January 1 to June 30

€ million	MAN Group		Industrial Business		Financial Services	
	2008	2007	2008	2007	2008	2007
Net sales	**8,092**	**6,769**	**8,092**	**6,769**	–	–
Cost of sales	–6,122	–5,151	–6,122	–5,151	–	–
Gross margin	**1,970**	**1,618**	**1,970**	**1,618**	–	–
Other operating income	204	541	106	434	98	107
Selling expenses	–463	–435	–459	–432	–4	–3
General administrative expenses	–376	–356	–365	–349	–11	–7
Other operating expenses	–427	–546	–350	–461	–77	–85
Net P/L from investees carried at equity	38	57	37	53	1	4
Income from financial investments	136	83	136	83	–	–
EBIT	**1,082**	**962**	**1,075**	**946**	**7**	**16**
Interest income	14	19	14	19	–	–
Interest expense	–16	–46	–16	–46	0	0
EBT	**1,080**	**935**	**1,073**	**919**	**7**	**16**
Income taxes	–312	–272	–310	–268	–2	–4
Net result of discontinued operations	–	5	–	5	–	–
Net income	**768**	**668**	**763**	**656**	**5**	**12**
Minority interests	7	6	7	6	–	–
Net income after minority interests	**761**	**662**	**756**	**650**	**5**	**12**
Basic EpS of continuing operations in €	**5.18**	**4.47**	**5.14**	**4.39**	**0.04**	**0.08**
Basic EpS of continuing and discontinued operations in €	**5.18**	**4.50**	**5.14**	**4.42**	**0.04**	**0.08**

MAN Consolidated Income Statement

reporting period April 1 to June 30

€ million	MAN Group		Industrial Business		Financial Services	
	2008	2007	2008	2007	2008	2007
Net sales	**4,258**	**3,467**	**4,258**	**3,467**	–	–
Cost of sales	–3,224	–2,639	–3,224	–2,639	–	–
Gross margin	**1,034**	**828**	**1,034**	**828**	–	–
Other operating income	112	435	60	384	52	51
Selling expenses	–239	–222	–237	–221	–2	–1
General administrative expenses	–193	–172	–188	–169	–5	–3
Other operating expenses	–210	–326	–169	–287	–41	–39
Net P/L from investees carried at equity	8	24	7	24	1	0
Income from financial investments	115	77	115	77	–	–
EBIT	**627**	**644**	**622**	**636**	**5**	**8**
Interest income	4	8	4	8	–	–
Interest expense	–4	–22	–4	–22	0	0
EBT	**627**	**630**	**622**	**622**	**5**	**8**
Income taxes	–181	–190	–180	–188	–1	–2
Net result of discontinued operations	–	0	–	0	–	–
Net income	**446**	**440**	**442**	**434**	**4**	**6**
Minority interests	4	2	4	2	–	–
Net income after minority interests	**442**	**438**	**438**	**432**	**4**	**6**
Basic EpS of continuing operations in €	**3.01**	**2.98**	**2.98**	**2.94**	**0.03**	**0.04**
Basic EpS of continuing and discontinued operations in €	**3.01**	**2.98**	**2.98**	**2.94**	**0.03**	**0.04**

MAN Consolidated Balance Sheet as of June 30, 2008

Assets

€ million	MAN Group		Industrial Business		Financial Services	
	6/30/08	12/31/07	6/30/08	12/31/07	6/30/08	12/31/07
Intangible assets	338	324	336	322	2	2
Tangible assets	1,855	1,772	1,853	1,770	2	2
Investment properties	32	37	32	37	–	–
Shares in investees carried at equity	390	354	355	349	35	5
Financial investments	1,066	1,912	1,066	1,910	0	2
Assets leased out	1,685	1,801	1,028	1,074	657	727
Deferred tax assets	574	522	568	516	6	6
Other noncurrent assets	123	169	111	143	12	26
Noncurrent assets	**6,063**	**6,891**	**5,349**	**6,121**	**714**	**770**
Inventories	3,867	3,279	3,809	3,239	58	40
Trade receivables	3,770	3,705	2,402	2,557	1,368	1,148
Income tax assets	66	47	66	47	0	–
Assets held for sale	13	13	13	13	–	–
Other current assets	907	706	840	629	67	77
Short-term securities	259	254	259	254	–	–
Cash and cash equivalents	668	1,266	642	1,240	26	26
Current assets	**9,550**	**9,270**	**8,031**	**7,979**	**1,519**	**1,291**
	15,613	**16,161**	**13,380**	**14,100**	**2,233**	**2,061**

MAN Consolidated Balance Sheet as of June 30, 2008

Equity and Liabilities

€ million	MAN Group		Industrial Business		Financial Services	
	6/30/08	12/31/07	6/30/08	12/31/07	6/30/08	12/31/07
Capital stock	376	376				
Additional paid-in capital	795	795				
Retained earnings	3,936	3,643				
Accumulated OCI	–554	334				
Stockholders' equity	**4,553**	**5,148**	**4,425**	**5,025**	**128**	**123**
Minority interests	33	29	33	29	–	–
Total equity	**4,586**	**5,177**	**4,458**	**5,054**	**128**	**123**
Noncurrent financial liabilities	522	405	128	149	394	256
Pension obligations	104	132	102	130	2	2
Deferred tax liabilities	497	451	481	435	16	16
Other noncurrent accruals	512	467	512	467	0	0
Other noncurrent liabilities	959	1,019	959	1,019	–	–
Noncurrent liabilities and accruals	**2,594**	**2,474**	**2,182**	**2,200**	**412**	**274**
Current financial liabilities	1,077	1,562	556	1,172	521	390
Intragroup financing	–	–	–1,007	–975	1,007	975
Trade payables	1,818	1,805	1,727	1,661	91	144
Prepayments received	2,135	2,031	2,119	2,029	16	2
Current income tax liabilities	817	649	815	649	2	0
Other current accruals	1,172	1,121	1,163	1,112	9	9
Other current liabilities	1,414	1,342	1,367	1,198	47	144
Current liabilities and accruals	**8,433**	**8,510**	**6,740**	**6,846**	**1,693**	**1,664**
	15,613	**16,161**	**13,380**	**14,100**	**2,233**	**2,061**

MAN Consolidated Statement of Cash Flows

reporting period January 1 to June 30

€ million	MAN Group		Industrial Business		Financial Services	
	2008	2007	2008	2007	2008	2007
EBT	1,080	935	1,073	919	7	16
Current income taxes	–336	–331	–334	–328	–2	–3
Cash earnings of discontinued operations	–	4	–	4	–	–
Amortization/depreciation/write-down of noncurrent assets (other than assets leased out)	164	220	163	220	1	0
Change in pension obligations	9	6	9	6	0	0
Undistributed P/L of investees carried at equity	–38	–58	–37	–54	–1	–4
Cash earnings	**879**	**776**	**874**	**767**	**5**	**9**
Change in inventories	–583	–436	–565	–461	–18	25
Change in prepayments received	95	410	81	405	14	5
Change in trade receivables	–122	100	116	145	–238	–45
Change in trade payables	11	–36	64	–25	–53	–11
Change in assets leased out	132	42	62	117	70	–75
Change in customer payments for assets leased out	–8	–97	–8	–97	–	–
Change in income tax assets/liabilities, net	148	149	146	142	2	7
Change in other accruals	97	113	96	115	1	–2
Change in other assets	–60	–114	–86	–110	26	–4
Change in other liabilities	–52	85	51	100	–103	–15
Elimination of net gain/loss from fixed-asset disposal	–22	–17	–22	–17	0	0
Other changes in working capital	–2	–7	–2	–2	0	–5
Net cash provided by/(used in) operating activities	**513**	**968**	**807**	**1,079**	**–294**	**–111**
Cash outflow for additions to tangible/intangible assets and investment properties	–261	–205	–260	–204	–1	–1
Cash outflow for additions to investments	–167	–197	–137	–197	–30	–
Cash inflow from fixed-asset disposal	144	155	144	155	0	0
Net cash used in investing activities of discontinued operations	–	–2	–	–2	–	–
Cash inflow from the disposal of discontinued operations and investees	–	6	–	6	–	–
Net cash used in investing activities	**–284**	**–243**	**–253**	**–242**	**–31**	**–1**
Free cash flow from operating and investing activities	**229**	**725**	**554**	**837**	**–325**	**–112**

MAN Consolidated Statement of Cash Flows (contd.)

reporting period January 1 to June 30

€ million	MAN Group		Industrial Business		Financial Services	
	2008	2007	2008	2007	2008	2007
Free cash flow from operating and investing activities	**229**	**725**	**554**	**837**	**–325**	**–112**
Dividend payout	–466	–297	–466	–297	–	–
Change in noncurrent financial liabilities	136	–190	–20	–189	156	–1
Change in current financial liabilities	–493	–63	–630	–100	137	37
Change in intragroup financing	–	–	–32	–76	32	76
Special endowment of pension plans	–	–207	–	–207	–	0
Net cash provided by financing activities of discontinued operations	–	4	–	4	–	–
Net cash (used in)/provided by financing activities	**–823**	**–753**	**–1,148**	**–865**	**325**	**112**
Net change in cash and cash equivalents	**–594**	**–28**	**–594**	**–28**	**0**	**0**
Opening cash and cash equivalents	**1,266**	**1,162**	**1,240**	**1,147**	**26**	**15**
Consolidation related change in cash and cash equivalents	0	4	–1	7	1	–3
Exchange rate related change in cash and cash equivalents	–4	1	–3	1	–1	0
Separately capitalized cash and cash equivalents of discontinued operations	–	–11	–	–11	–	–
Closing cash and cash equivalents	**668**	**1,128**	**642**	**1,116**	**26**	**12**
Breakdown of net financial debt/net liquid assets at 6/30/2008 and 12/31/2007						
Cash and cash equivalents	668	1,266	642	1,240	26	26
Short-term securities	259	254	259	254	–	–
Intragroup financing	–	–	1,007	975	–1,007	–975
Financial liabilities	–1,599	–1,967	–684	–1,321	–915	–646
	–672	**–447**	**1,224**	**1,148**	**–1,896**	**–1,595**

MAN Statement of Changes in Comprehensive Income

reporting period January 1 to June 30

€ million	2008	2007
Currency translation differences	–60	–9
Change in fair values of securities and financial investments	–861	606
Change in fair values of financial derivatives	13	–7
Actuarial gains/losses from pensions	25	165
Elimination of unrealized gains/losses on divestments	0	2
Deferred taxes	–5	–57
Net gains/losses recognized directly in equity	**–888**	**700**
Net income	**768**	**668**
Total comprehensive income/loss	**–120**	**1,368**
thereof minority interests	7	8
thereof MAN stockholders	**–127**	**1,360**

The €888 million net loss recognized directly in equity primarily includes the €866 million decrease in the fair value of the Scania AB (Scania) stock held, as well as actuarial gains from pensions, in particular as a result of the increase in the discount rate applied to German pension obligations from 5.25% as of December 31, 2007 to 5.75 % as of June 30, 2008. It also includes the €13 million change in the fair values of financial derivatives and an unrealized loss of €60 million on the translation of the financial statements of consolidated non-German subsidiaries.

Notes to the Interim Consolidated Financial Statements

Basis of presentation

The accompanying interim consolidated financial statements for the period ended June 30, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) and the related Interpretations issued by the International Accounting Standards Board (IASB) applicable to interim financial reporting, as adopted by the European Union. Consequently, these interim consolidated financial statements do not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements, and should be read in conjunction with the Company's published IFRS consolidated financial statements for fiscal 2007. Unless expressly indicated otherwise, the accounting policies applied to interim financial reporting in these interim consolidated financial statements are identical to those adopted for the most recent full-year consolidated financial statements; a detailed description of these accounting policies is given in the notes to the consolidated financial statements for the year ended December 31, 2007.

From the Executive Board's perspective, the accompanying unaudited interim financial report reflects all standard intraperiod adjustments required for the presentation of a true and fair view of the Group's net assets, financial position, and results of operations. The results presented for the first six months of fiscal 2008 and the second quarter of fiscal 2008 are not necessarily indicative of future results.

Preparation of the interim consolidated financial statements requires the Executive Board to make certain assumptions and estimates affecting the measurement and presentation of assets and liabilities, and income and expenses, for the period. Actual amounts may differ from these estimates. In addition to the amounts contained in the financial statements, interim financial report contains explanatory notes on selected financial statement line items. Selected segment information is contained on pages 8 to 14 of this Group interim financial report. To enhance comparability, certain prior-year figures have been reclassified to conform to the current-year presentation.

To enable a better insight into the MAN Group's net assets, financial position, and results of operations, the interim consolidated financial statements have been supplemented by a breakdown of figures into the Industrial Business and Financial Services. The Industrial Business comprises all parts of the MAN Group with the exception of MAN Finance. In the MAN Group, MAN Finance primarily operates the sales financing business for the Group's commercial vehicles and is presented under the "Financial Services" heading. To simplify presentation, the elimination of intragroup transactions between the Industrial Business and Financial Services is presented within the Industrial Business.

Basis of consolidation

The interim financial statements as of June 30, 2008 include 167 companies (December 31, 2007: 158), including 62 (63) in Germany and 105 (95) outside Germany. The effects of changes in the basis of consolidation on the interim consolidated financial statements are immaterial.

Income taxes

The current income tax expense presented in the interim financial statements has been determined on the basis of the expected full-year income tax rate.

Income Statement Disclosures

Other operating income

€ million reporting period January 1 to June 30	2008	2007
Income from Financial Services	78	85
Gains from financial instruments	45	16
Income from other trade business	20	25
Income from the release of accruals	11	20
Gains from the disposal of tangible/intangible assets	9	12
Nonrecurring income	–	338
Miscellaneous	41	45
	204	**541**

The gains from financial instruments mainly result from the measurement of foreign currency positions, as well as from hedges of currency and interest rate risks. To enable a better insight into MAN's results of operations, currency translation gains/losses are reported net starting in fiscal 2008. The prior-year figures were adjusted accordingly.

Income from Financial Services represents the income from MAN Finance's business.

Nonrecurring income in fiscal 2007 contains the ERF settlement less derecognized goodwill.

Other operating expenses

€ million reporting period January 1 to June 30	2008	2007
Research and development	173	134
Additions to accruals	60	80
Expenses from Financial Services	55	49
Allowances for receivables	40	13
Losses on financial instruments	5	7
Nonrecurring expenses	–	130
Miscellaneous	94	133
	427	**546**

The losses on financial instruments and expenses from Financial Services match the corresponding items in other operating income.

Nonrecurring expenses in fiscal 2007 relate to the recognition of accruals in connection with the Buses restructuring program and to goodwill impairment.

Income from financial investments

€57 million (€43 million) of the income from financial investments relates to the dividend from the investment in Scania, and €65 million (€33 million) relates to nonrecurring income from the stock split and subsequent stock repurchase by Scania. The stock repurchase reduced cost by €21 million (€65 million).

Net interest expense

€ million **reporting period January 1 to June 30**	**2008**	**2007**
Interest and similar income	27	27
less interest reclassified into net sales	–13	–8
Interest and similar expenses	–36	–40
Interest portion of addition to pension obligations	–44	–35
Interest income from CTA plan assets	44	10
less interest reclassified into other operating expenses	20	19
	–2	**–27**

Earnings per share

€ million (unless otherwise stated) **reporting period January 1 to June 30**	**2008**	**2007**
Net income after minority interests	761	662
thereof net result of discontinued operations	–	5
Net income from continuing operations after minority interests	**761**	**657**
Number of shares outstanding (million)	147.0	147.0
Earnings per share (in €)	**5.18**	**4.47**

The Group's net income from continuing operations after minority interests is divided by the average number of shares outstanding for the year to obtain earnings per share. The number of shares includes both common and preferred stock as both classes share equally in the 2008 earnings, as in the previous year.

There were no dilutive unexercised stock options at either June 30, 2008 or June 30, 2007. Future earnings will be diluted if MAN AG’s contingent capital is exercised.

Balance Sheet Disclosures

Intangible assets

€ million	6/30/2008	12/31/2007
Licenses, software, similar rights, as well as customer relations, brand names, and other assets	75	48
Capitalized development costs	194	211
Goodwill	69	65
	338	**324**

Tangible assets

€ million	6/30/2008	12/31/2007
Land and buildings	851	850
Production plant and machinery	593	594
Other plant, factory and office equipment	231	214
Prepayments on tangibles, construction in progress	180	114
	1,855	**1,772**

Financial investments

€ million	6/30/2008	12/31/2007
Scania stock	972	1,822
Other financial investees	94	90
Shares in investees carried at equity	390	354
	1,456	**2,266**

The Scania stock held at June 30, 2008 corresponds to 13.32% of the capital stock and 17.17% of the voting rights; this figure is unchanged compared with the end of the first quarter of fiscal 2008. The Scania stock was measured at fair value on the basis of the quoted market price on June 30, 2008. The €-866 million measurement difference compared with December 31, 2007 was recognized directly in OCI.

The shares in investees carried at equity totaling €390 million (€354 million) are composed of shares in associates amounting to €362 million (€325 million) and shares in joint ventures amounting to €28 million (€29 million).

The shares in associates relate mainly to Roland Holding GmbH, Munich, Germany; CEL Consolidated Energy Ltd., Port of Spain, Trinidad & Tobago; MAN FORCE TRUCKS Private Limited, Akurdi, Pune, India; MAN Region West B.V., Vianen, Netherlands; and EURO-Leasing GmbH, Sittensen, Germany.

The table below presents summarized financial information on associates. The figures relate to 100% of the associates, and not to the MAN Group's share of those associates:

€ million	6/30/2008	12/31/2007
Assets	3,568	3,602
Liabilities	2,547	2,589
Net sales [1]	1,236	2,920
Net income [1]	91	157
Net income, MAN share [1]	39	76

1) Fiscal 2008: reporting period January 1 to June 30
Fiscal 2007: reporting period January 1 to December 31

The shares in joint ventures amounting to €28 million refer primarily to the jointly controlled entity Coutinho & Ferrostaal GmbH & Co. KG, Hamburg.

Inventories

€ million	6/30/2008	12/31/2007
Raw materials and supplies	518	506
Work in process and finished products	2,304	1,697
Merchandise	717	829
Prepayments made	328	247
	3,867	**3,279**

Trade receivables

€ million	6/30/2008	12/31/2007
Receivables from customers	2,477	2,629
Receivables from finance leases	930	707
Due from investees	207	186
PoC receivables	156	183
	3,770	**3,705**

Assets held for sale

As of 31 December 2007, the shares in associate Intermesa Trading S.A., Brazil, are reported as assets held for sale.

MAN Group Statement of Changes in Equity

€ million	Capital stock	Additional paid-in capital	Retained earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
Balance at December 31, 2007	**376**	**795**	**3,643**	**334**	**5,148**	**29**	**5,177**
Dividend for prior year			–463		**–463**	–3	**–466**
Net income			761		**761**	7	**768**
Currency translation differences				–60	**–60**		**–60**
Change in unrealized gains/losses				–828	**–828**		**–828**
Other changes			–5		**–5**		**–5**
Balance at June 30, 2008	**376**	**795**	**3,936**	**–554**	**4,553**	**33**	**4,586**
Balance at December 31, 2006	**376**	**795**	**2,731**	**–144**	**3,758**	**21**	**3,779**
Dividend for prior year			–294		**–294**	–3	**–297**
Net income			662		**662**	6	**668**
Currency translation differences				–9	**–9**		**–9**
Change in unrealized gains/losses				706	**706**	1	**707**
Other changes				1	**1**	1	**2**
Balance at June 30, 2007	**376**	**795**	**3,099**	**554**	**4,824**	**26**	**4,850**

The Annual General Meeting of MAN Aktiengesellschaft for fiscal 2007 on April 25, 2008 resolved to distribute a regular dividend to shareholders totaling €463 million (€3.15 per share). The dividend was paid on April 28, 2008.

See page 21 for details of changes in OCI from unrealized gains/losses.

Other accruals

€ million	6/30/2008	12/31/2007
Warranties	589	534
Other business obligations	430	370
Unbilled costs from contracts invoiced	211	209
Obligations to personnel	225	228
Remaining accruals	229	247
	1,684	**1,588**

The other accruals are reported in the following balance sheet captions:

€ million	6/30/2008	12/31/2007
Other noncurrent accruals	512	467
Other current accruals	1,172	1,121

Financial liabilities

€ million	6/30/2008	12/31/2007
Due to banks	623	462
Syndicated loan for Scania stock purchase	400	1,000
Commercial paper	342	266
Bonds	234	239
	1,599	**1,967**

The financial liabilities are reported in the following balance sheet items:

€ million	6/30/2008	12/31/2007
Noncurrent financial liabilities	522	405
Current financial liabilities	1,077	1,562

Related party disclosures

There have been no material changes in relationships with related parties since December 31, 2007.

Review by the Group auditors

The interim financial statements as of June 30, 2008 and 2007 were not reviewed by auditors.

Subsequent events

No reportable events occurred after the end of the reporting period.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business 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 remaining months of the fiscal year.

Munich, July 30, 2008

MAN Aktiengesellschaft
The Executive Board

Financial diary of MAN AG

Report on Q3/2008	October 30, 2008
Annual press conference	February 19, 2009
Analyst conference	February 19, 2009
Internet publication of annual report	February 19, 2009
Annual General Meeting for fiscal 2008	April 3, 2009
Report on Q1/2009	April 30, 2009
Report on Q2/2009	July 30, 2009

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