Aurubis

Annual Report 2009/10

Copper connects.

# Segments

## PRIMARY COPPER

All activities are included in the Business Unit (BU) **Primary Copper** that concern the production of quality copper in the form of marketable copper cathodes made from the primary raw material, copper concentrates. This also covers the smelting and refining activities at the production sites in Hamburg, Olen (Belgium) and Pirdop (Bulgaria), and the marketing of the co-product sulphuric acid.

The subsidiaries Peute Baustoff GmbH and Retorte GmbH Selenium Chemicals & Metals, which produce specialty products, are also part of the Business Unit.

## RECYCLING/PRECIOUS METALS

The core activity in the Business Unit (BU) **Recycling/Precious Metals** is the production of copper cathodes from a very wide range of recycling raw materials. Recycling activities are performed at various locations in the Group; the recycling centre is situated in Westphalian Lunen. Copper scrap and increasingly recycling raw materials, such as electronic scrap, are processed here using environmentally friendly and innovative technology.

In the Business Unit Recycling/Precious Metals, we produce the precious metals and other by-metals and co-products contained in the copper raw materials.

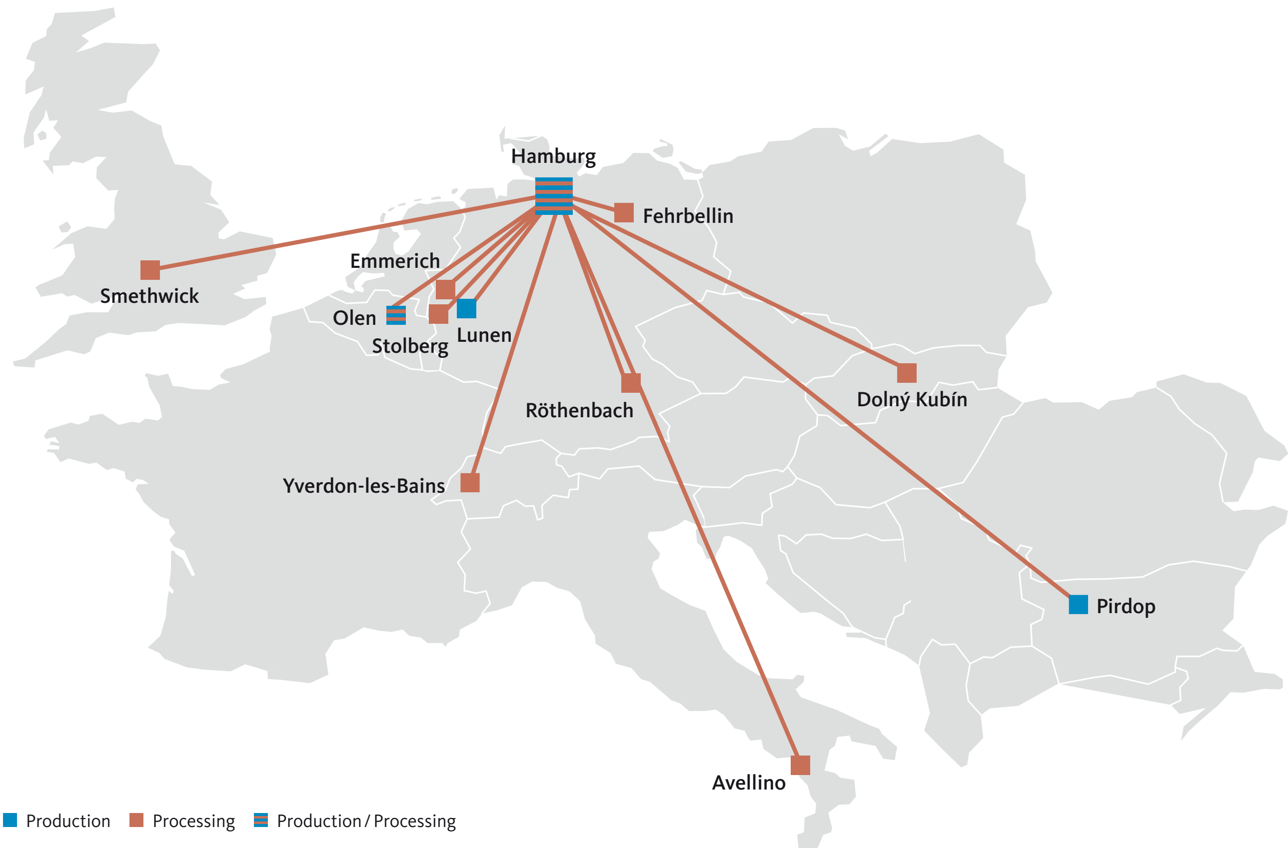
## COPPER PRODUCTS

The processing of copper cathodes is performed in the Business Unit (BU) **Copper Products**. The most important copper product is electrolytic copper wire rod for the cable and wire industry. In addition, we produce continuous cast shapes for the market and for internal processing as well as pre-rolled strip, rolled and specialty products. End users of copper, the material of the future, include the electrical engineering, automotive, mechanical engineering, telecommunications and construction industries.

Copper Production

Copper Processing

# Locations



# The Group in figures

| Aurubis Group (IFRS) | | 2009/10 [1] | 2008/09 [1] | Change in % |
|---|---|---|---|---|
| Copper price LME settlement (average) | US$/t | 7,036 | 4,480 | 57.1 |
| **Results** | | | | |
| Revenues | € million | 9,865 | 6,687 | 47.5 |
| EBITDA | € million | 392 | 216 | 81.1 |
| EBIT | € million | 286 | 111 | 157.6 |
| EBT | € million | 258 | 73 | 250.5 |
| Consolidated net income | € million | 193 | 53 | 262.1 |
| Gross cash flow | € million | 241 | 283 | – 14.7 |
| **Balance sheet** | | | | |
| Total assets | € million | 3,076 | 2,692 | 14.2 |
| Non-current assets | € million | 999 | 969 | 3.1 |
| Capital expenditure | € million | 151 | 111 | 35.6 |
| Depreciation and amortisation | € million | 106 | 106 | 0.8 |
| Equity | € million | 1,084 | 935 | 15.9 |
| **Aurubis shares** | | | | |
| Market capitalisation | € million | 1,429 | 1,164 | 22.8 |
| Earnings per share | € | 4.69 | 1.28 | 266.4 |
| Dividend per share | € | 1.00 [3] | 0.65 | 53.8 |
| **Human resources** | | | | |
| Number of employees [2] | | 4,831 | 4,726 | 2.2 |
| Personnel expenses | € million | 295 | 270 | 9.4 |
| **Production** | | | | |
| Cathodes | 1,000 t | 1,144 | 1,086 | 5.3 |
| Continuous cast wire rod | 1,000 t | 766 | 622 | 23.2 |
| Continuous cast shapes | 1,000 t | 210 | 153 | 37.3 |
| Pre-rolled strip | 1,000 t | 210 | 145 | 44.8 |
| Strips | 1,000 t | 41 | 29 | 41.4 |
| Shaped wires | 1,000 t | 10 | 10 | 0.0 |
| Special profiles | t | 7,017 | 4,642 | 51.2 |
| Gold | t | 38 | 33 | 15.2 |
| Silver | t | 1,339 | 1,230 | 8.9 |

[1] before revaluation of LIFO inventories using the average cost method
[2] at fiscal year-end on 30 September
[3] recommendation

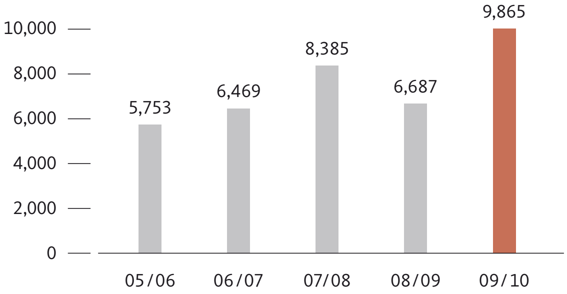
**4,800** employees in the Aurubis Group **1,144,000** tonnes of copper cathodes annually **99.99** % high purity of our cathode copper **300** million € for environmental protection measures **8.4** % of the workforce in apprenticeships

Aurubis is the largest integrated copper producer in Europe and the international leader in copper recycling. Our core competence lies in the production and processing of copper, the material of the future. We are excellently represented all along the main sectors of the value added chain of copper, from raw material processing and cathode production through to the production of copper products. We have become one of our industry's global leaders thanks to our range of services.

We are oriented to sustainable, international growth and to increasing corporate value. Our strategy's main focus is on strengthening the business, exploiting growth opportunities and practising responsible care in the handling of people, resources and the environment.

**GROUP REVENUES ***

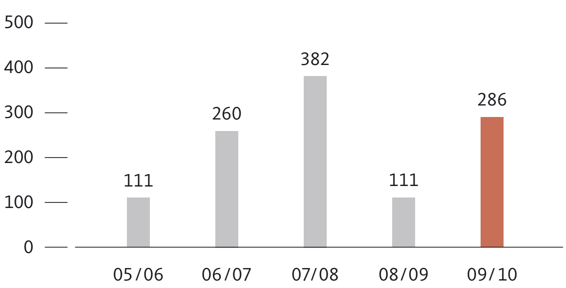
in € million




* before revaluation of LIFO inventories

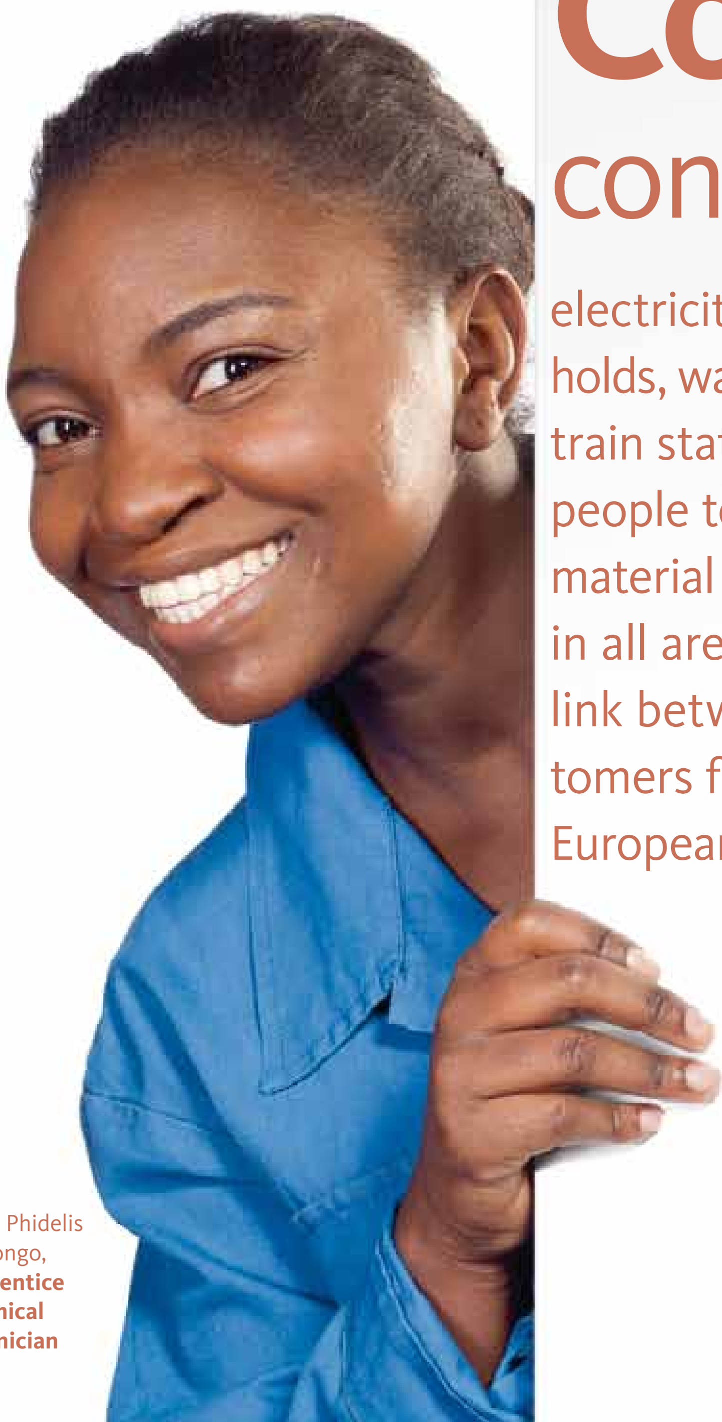
**CONSOLIDATED EBIT**

in € million



# Copper connects:

electricity producers to households, waterworks to consumers, train station to train station, people to people. The universal material copper accompanies us in all areas of life. It is also the link between Aurubis and customers from the main sectors of European industry.



Doris Phidelis Magongo,
**Apprentice Chemical Technician**

# Our Copper for your Life

## OUR MATERIAL:

**Copper**

is conductive

is ductile

is easily alloyed

is resistant

is hygienic

is recyclable

## OUR SALES MARKETS:

**Cable and wire manufacturers**
**Semi-finished goods industry**
**Foundries**

Telecommunications

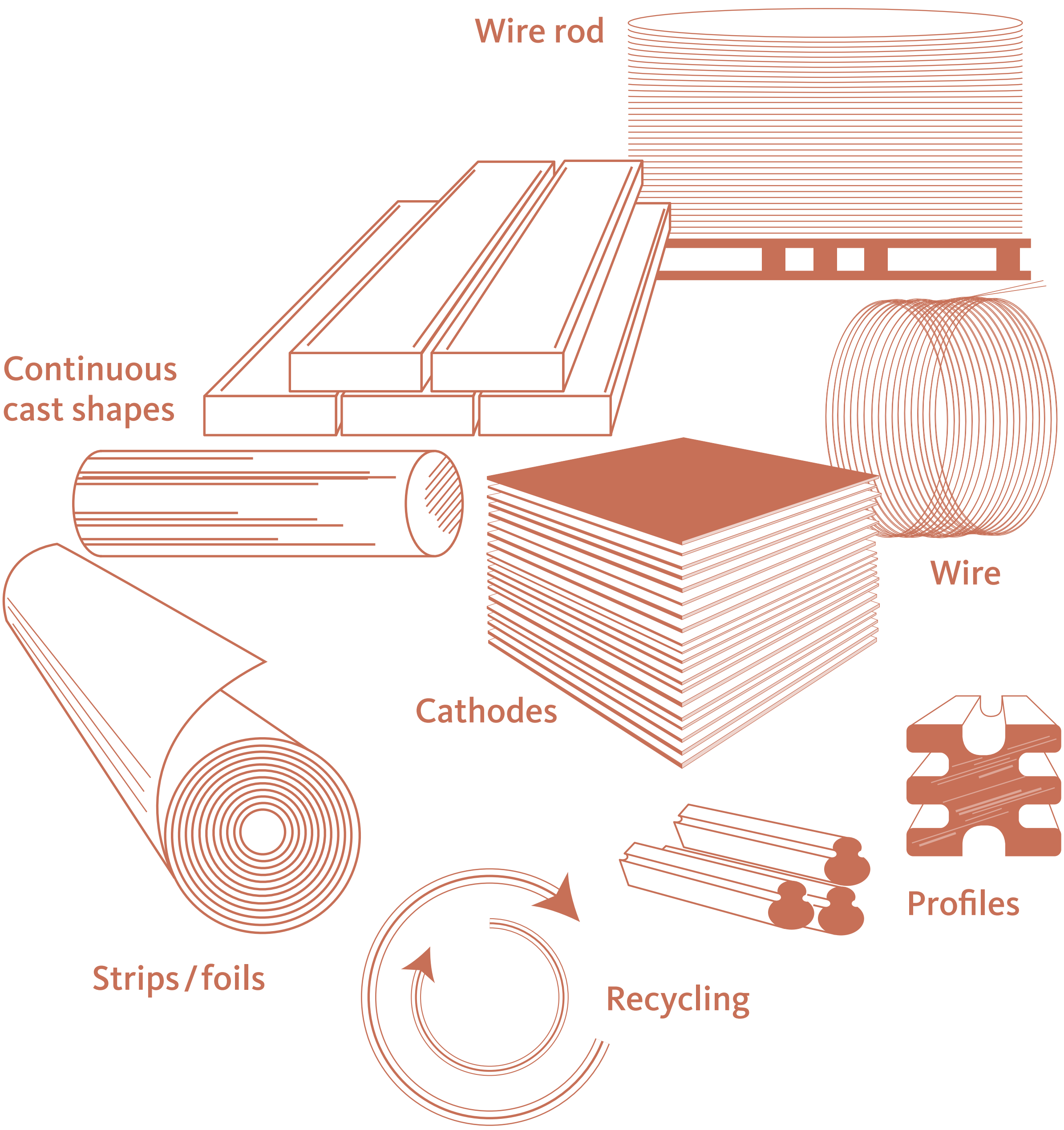
Electrical engineering / electronics

Construction

Mechanical and plant engineering

Automotive engineering

# OUR PRODUCTS AND SERVICES:



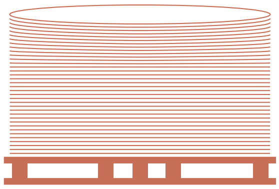
# “Our consistent **customer orientation** sets us apart”

Dr Stefan Boel, member of the Executive Board,
**Business Unit Copper Products**

The world needs copper. Currently about 19 million tonnes annually and rising. The base metal is indispensable in places where economic development and improved quality of life are central. Aurubis produces copper across Europe and supplies the market with a variety of copper products. The recycling of copper and other metals completes the service portfolio. Our transactions take place directly, business to business. Our business partners are companies in the cable and wire industry, semi-finished product plants, foundries and product manufacturers. They contribute decisively to our business success.

The clear orientation of the Aurubis Group toward customer business was thus a stabilising factor during the global economic crisis and, in fiscal year 2009/10, a reason for the considerably improved capacity utilisation. In a highly competitive environment we are distinguished primarily by the consistency with which we practice customer orientation and rely on long-term cooperative partnerships. In this process another bridge is created that reaches from common research and development work to value-to-the-customer concepts all the way to service offerings.


Dr Jens Jacobsen,
**Business Unit**
**Copper Products**



## AURUBIS ROD

The consistently high electrical conductivity of our continuous cast copper wire rod (AURUBIS ROD) ensures the best levels of efficiency in the conversion and transmission of electricity. Therefore, it is especially suitable as a conductive material in underground and submarine cable and as enamelled wire in transformers, generators and motors. In addition, AURUBIS ROD is also used for the signal transmission and electronics sectors.

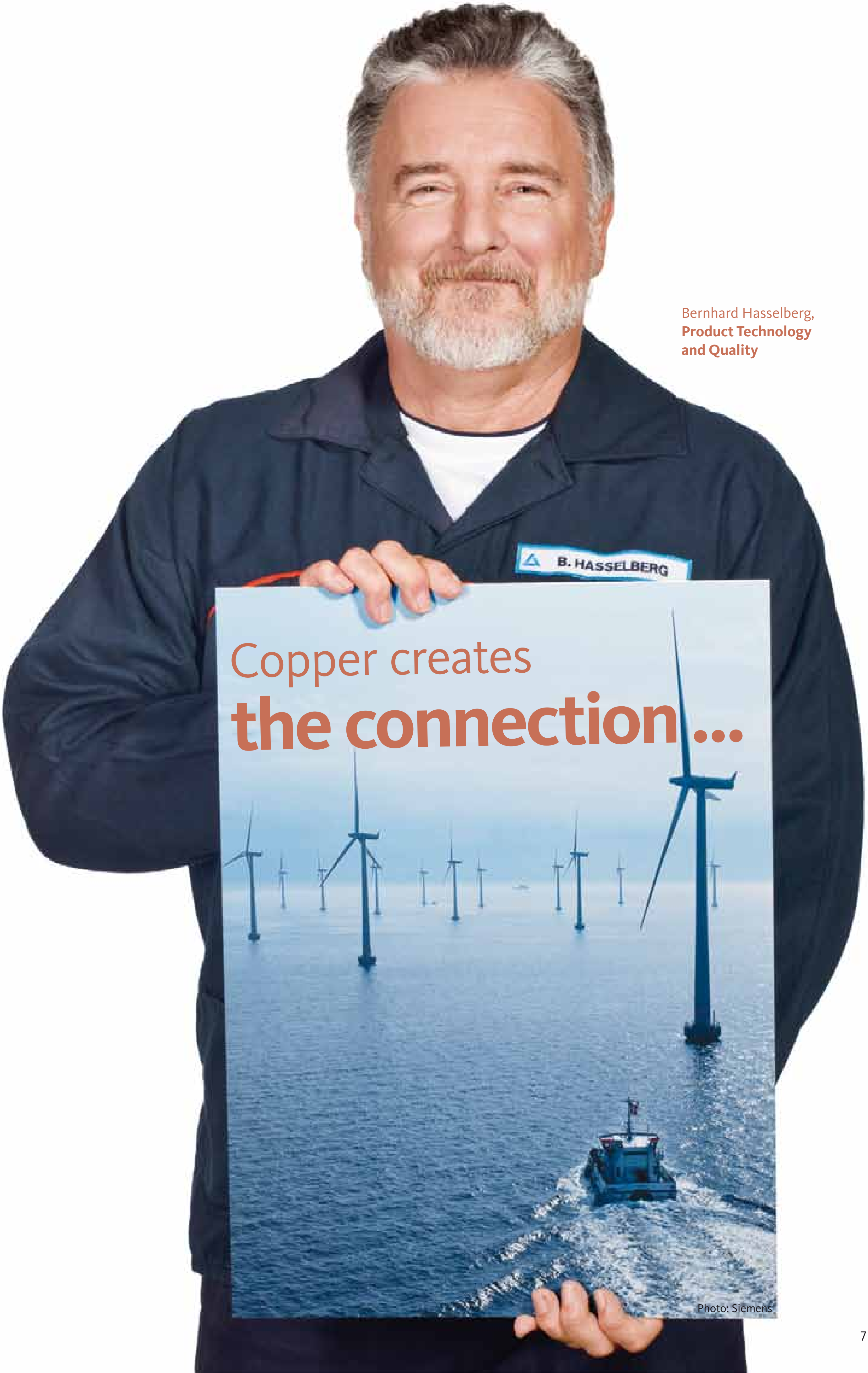
# AS A RELIABLE PARTNER, WE ENSURE THE HIGHEST **PRODUCT QUALITY** AND ALL-ROUND **SERVICE**

### Decentralised energy production creates new sales markets for copper

The energy supply in Europe is changing. A modified energy mix and the necessary modernisation of distribution networks are leading to substantial capital expenditure, in which copper plays a significant role. A share of 30 % of renewable energies appears to be realistic by the end of the decade. The majority falls upon wind energy at this stage. While the use of wind power on land has meanwhile been established, the expansion of offshore wind farms is rapidly progressing with hundreds of individual facilities on the high seas. Horns Rev 2 off the west coast of Denmark has an output of 209 MW – but facilities that are to produce three times that much energy have long since been under construction. A business segment with great potential for us: every single wind turbine contains copper, especially in the windings of the generators. Additionally, transport and the storage of energy outputs require copper-based sea cable, which conducts the electricity in all directions – with losses of only a few percent per 1,000 km. An important condition for this is that the wire rod preliminary product reflects the highest quality.

### Quality is when the customer returns – and not the product

For Aurubis, quality is a key function in customer relationships and is therefore a high-priority company goal. For one, we strengthen existing customer contacts in this way, and we also secure access to lucrative future markets. In the process we carry out more than just product-oriented quality assurance – we work with a comprehensive concept that solidly entrenches quality in the group. This is developed in a process-oriented fashion and is not exclusively attached to the product or the service. Instead, all process operations in the company flow together into the quality assessment.




Bernhard Hasselberg,
**Product Technology and Quality**


More and more wind farms are being built in the North Sea and Baltic Sea. By 2012 Germany will have 40 facilities with an overall output of 200 MW. An additional 40 facilities will follow in a second construction phase. Bordering states are investing as well, however. The largest offshore wind farm with 300 MW, which can supply up to 200,000 households with electricity, was opened off the English coast in September 2010.

**Copper plays a part!**

# ... and we ensure the highest **quality**

Quality management at Aurubis directly incorporates the customers. For example, they can make a picture of the high quality during visits or workshops on-site at our locations. Our customers thus receive knowledge about copper in a concrete way – and we receive a good feeling for their wishes and requirements in personal dialogue. We place the highest value on this exchange as equals, as it offers the chance to continuously optimise processes and the test criteria. The basis of the integrated quality management (QM) system used at Aurubis is the standard DIN EN ISO 9001:2008. It contains the most comprehensive requirements to ensure the level of quality. Their fulfilment is regularly monitored and certified by independent verifiers. This QM system adopts the criteria of an adaptive organisation: challenges and incidents are used to adjust the know-how and activities to new demands.

The use of copper in cables and circuits is based on a simple principle: it is essential to keep the losses in energy transmission low. At the same time, the cable should have as small a diameter as possible considering the investment costs. In order to achieve this, the conductivity of the copper wire used has to be optimal and the electrical resistance has to be as low as possible.

*The consistently high electrical conductivity of* ***copper*** *ensures the best levels of efficiency in the conversion and transmission of electricity.*

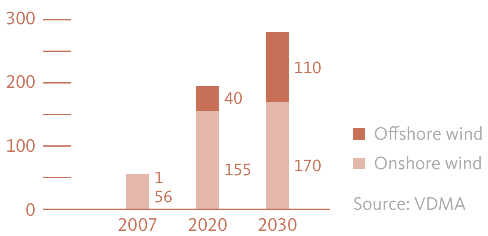
"Electricity and data cables are effective if the quality of the copper is 100 %."

Ivan Ilicic, Head of Procurement and Logistics, Dätwyler Cables

## Everything depends on the material purity

The limit values of other components must be stringently observed – Aurubis provides for this through quality-oriented process management. Large parts of the production structure build on the principle of the gradual extraction of accompanying components. That means: copper becomes cleaner and cleaner in the process and already achieves a purity level of over 99.99 % as the copper cathode. We therefore fulfil not only the DIN EN 1987 criteria but also bear the "good delivery" seal of quality of the internationally leading London Metal Exchange.

Capacity development in the EU 27
Onshore and offshore wind energy in GW





Introduced for the first time at the international trade fair Wire 2010: the customer-friendly 10-tonne coil of continuous cast wire rod produced by Aurubis AG.

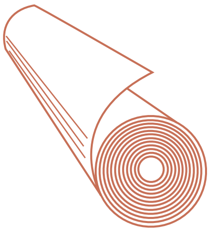
The quality maxim continues in the processing of copper cathodes into wire rod. The precise calibration of the oxygen content in particular is an important criterion. In addition, an online control system checks every metre of the manufactured wire rod for surface damage and rolling inclusions on the basis of electromagnetic induction. Our quality officers gather specimens of every individual coil and randomly subject them to a chemical analysis as well as an assessment for electrical conductivity and recrystallisation properties. All production and quality data are collected and evaluated in computer-aided databases. Only when all parameters are consistent with the specifications is the coil approved for delivery to our customers.

## Quality process extends beyond zero-defect products

The quality process does not end with the absence of defects in our products: additional important factors are a high level of performance continuity, adherence to delivery dates and reliability in every step of order processing. Our performance-oriented compensation system takes the quality aspect into account in addition to productivity and efficiency. This ensures comprehensive quality awareness for every employee that extends to the efficient handling of energy, raw materials and resources.

Our quality policy, supported by internal and external audits, is checked once a year. Together with our comprehensive incident and data analysis, we create the conditions for improvements and define new quality goals. We are only satisfied when the customer is satisfied too.

Fractures can easily occur when the finest wire is drawn from copper wire rod. The consequence: high costs and a time-intensive resetting of the drawing machines. In analyses carried out together with customers, it was possible to adjust the wire rod quality in such a way that the frequency of fractures in wire drawing could be significantly decreased.



## Aurubis rolled and drawn products

Rolled products manufactured at Aurubis are characterised by high dimensional accuracy, technological properties with narrow tolerances and precisely coordinated alloying elements. As a result, they guarantee optimal and constant processing results. Our hot-dip tinned strips are exemplary with regard to surface quality and carrying capacity in electronic component construction. If superior precision parts are needed, Aurubis Stolberg can provide a wide range of drawn products, such as round, square and hexagonal wires as well as specialty profiles. We are a recognised specialist with a high level of expertise in lead-free and lead-containing brass wires as well as drawn products made of copper alloys and welding alloys.

# WE DEVELOP **INNOVATIVE PRODUCTS AND CONCEPTS** FOR OUR CUSTOMERS – ALWAYS PRACTICE-ORIENTED

## Individual customer wishes are vital – not just in the auto industry

The Ford T, fondly referred to as the Tin Lizzy, was the first car that was manufactured on an assembly line. To speed up manufacturing, Ford produced exclusively in black between 1915 and 1925, as this only required one painting line and the black nitrocellulose lacquer dried the fastest. Though it is a myth that Henry Ford was characterised by the saying “You can have it in any colour as long as it’s black”, this quote signifies ignorance toward individual customer wishes.

Just like the Tin Lizzy, this mentality is meanwhile a thing of the past. The decisive plus in Aurubis’s product business today is its ability to respond intensively to the special concerns and requirements of every individual. We see this as the basis for stable and long-term customer relationships.

The proximity to the customer extends to close collaboration in research and product development, which also incorporates research institutes and universities. Innovative strength thus becomes an indicator for competitive ability in a quickly changing world.

In the global auto industry, it is currently evident how comprehensive a technological change is and how deep it can go. A process that will lead to extensive electric mobility begins here with strong dynamics, driven by environmental and climate protection, the scarcity of resources and demographic development. The partial replacement of the internal combustion engine with electric engines and the necessary development of an adequate infrastructure present a large new market potential for copper.


Dr Ulrich Lorenz,
**Research and Development**


The new hybrid and electric cars were the big attraction at the auto show in Paris in autumn 2010. There was hardly a major manufacturer that was not represented with at least one model. Even if electric cars are not ready to be mass-produced in many cases, this will change quickly in the coming years.

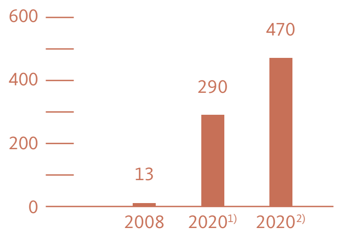
**Copper plays a part!**

# ... and we deliver the **innovations**

Those who give careful thought about the future can set the course. Aurubis maintains close contact with users and developers and precisely observes trends in all areas of copper applications. Because the use of copper is changing: smaller and smaller amounts with more and more specific material qualities are finding their way into the products. Those who don't remain on the ball as suppliers give up valuable opportunities. Our aim is to recognise needs together with our customers, to get to the bottom of possibilities for optimisation and to develop ideas together. The early identification of trends and market potential is also important. Innovations at Aurubis begin well before introduction to the market. They are firmly entrenched in the group strategy and incorporate other divisions as well. Innovations primarily serve to improve process and production technology as well as process flows, but they also contribute to the development of business models and in the service sector.

Our Business Units, the group-wide innovation management and the research and development division are in close contact in the Aurubis Group. Innovative concepts for processes and products, for example, are developed at the same time – always practice-oriented and focused strictly on benefit.

Worldwide market volume for electric and hybrid cars in € billion p. a.




[1] Scenario $ 60 / barrel of oil
[2] Scenario $ 110 / barrel of oil

Source: Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

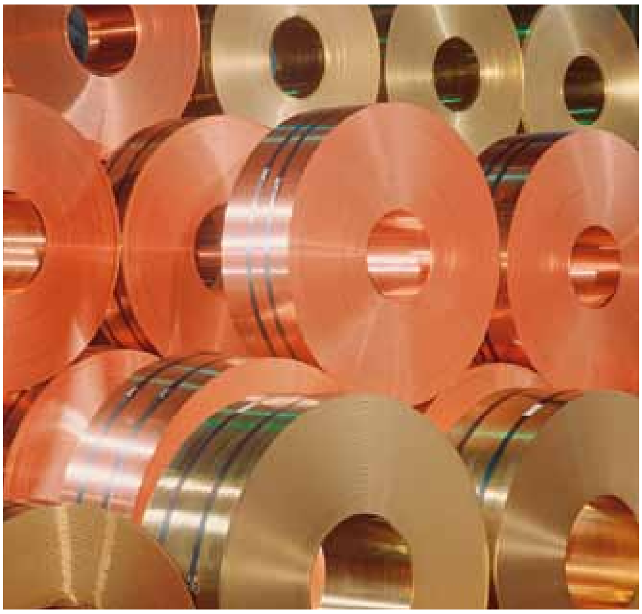
Automated manufacturing processes at the customer's plant lead to higher process speeds. With improvements in product characteristics, such as tolerances of dimensions and technological features, we fulfil the needs of these altered production processes, at the same time in a more reliable fashion. For electrical applications we are developing complex specialty profiles using Conform technology. Thanks to our know-how, we are achieving the required special surface coating for low-alloyed specialty materials.

"Power and speed – copper makes electric power systems pretty quick!"

Dr Anton Klassert, Managing Director, German Copper Institute

## New product developments reflect innovation ability

Stronger awareness of environmental protection and pursuant legislation have resulted in lead in brass alloys becoming largely undesirable. However, the metal has been an important alloying element for optimal chipping processes, for example through turning and drilling. Now that lead-free brass is already being used in potable water systems, we have searched for solutions that are applicable even in the areas of electrical installations and electronics without significant trade-offs. We have accomplished this with the development of BlueBrass®42, the first alloy of the BlueBrass® family, at the Aurubis site in Stolberg. With this product the customer possesses a brass alloy that excellently connects the standards of the electrical and automobile industry with regard to conductivity, machinability and formability with the increasing demand for lead-free materials. In light of recycling aspects, this also results in dross and production scrap being easily mixed in existing scrap cycles.



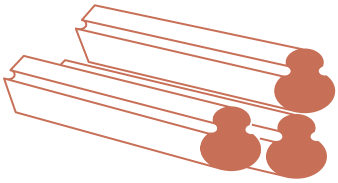
Ready to be processed by customers:
high-quality copper strips (coils) from Stolberg.

## The future belongs to the electric car

In 2020 a million electric cars are to be on the streets in Germany according to the federal government's set target. Even though major strides in development are necessary until then and the problem of the accompanying infrastructure still has to be solved, this target paves the way.

This will be accompanied by an enormous increase in demand for copper. If about 25 kg of copper are currently built into a medium-class automobile, it will be more than double that amount in the future. The trend toward the mechanisation of adjustment procedures with electric servo motors in the middle and compact class exists already. The electric propulsion engine is an additional feature of hybrid and electric cars. Charging stations and their feeders further increase the demand for copper. The Aurubis Group will accompany this development with its products and benefit from it.

**Copper** *can be outstandingly alloyed with other metals – including tin, zinc and nickel. Materials can be adjusted in this way to individual requirements.*



## Overhead wire

Overhead wire is a specialty copper product that is only manufactured in small quantities in the project business at Aurubis. It has great development potential in sales, however. It is produced from the seven-stage cold forming of continuous cast wire rod. The original diameter of more than 400 $mm^2$ is reduced to 100 $mm^2$ trolley wire in the process. Overhead wire has a maximum lifespan of only four years due to the high strain placed on it in practice by the railways. Aurubis is working on new materials to prolong this utilisation period.

# WE HAVE PRODUCTION FACILITIES THROUGHOUT EUROPE AND RELY ON CLOSE **CUSTOMER RELATIONSHIPS**

## Short distances are an important decision criterion

We live in a world of short distances. Distances are shrinking through the use of modern communication technology and the use of aircraft and high-speed trains. The merging of national economies and societies is a multilayered process that primarily interlinks flows of information, goods, finances and services, as well as cultural and social relations, across the globe.

This also means that production structures are becoming more strongly intertwined and mutual dependencies are increasing. Although the procurement strategy in the copper processing industry is internationally oriented, proximity to suppliers of necessary copper products is and remains an important decision criterion. It allows fast, cost-effective access to primary materials via short distances. It is not only the physical distance that plays a role, however, but also the convergence of the respective production steps.


Sandra Haas,
**Marketing / Sales,**
**Business Unit**
**Copper Products**

The world is growing more closely together. Large distances are overcome increasingly quickly through modern transport technology. But aircraft are not always the optimal solution. Magnetic levitation trains are in development and high-speed trains connect metropolises. From Cologne to Paris in about three hours.

**Copper plays a part!**

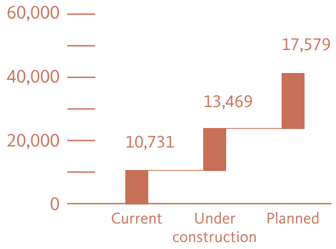
# ... and we minimise **distances**

The Aurubis Group has a wide network of European production plants. Our core sites are located in Germany, Belgium, Italy, Bulgaria and Switzerland. In Hamburg and Emmerich on the Lower Rhine, as well as in Olen, not far from Antwerp, we produce copper wire rod, which can be conveniently shipped to cable and wire plants in France, Germany and the Netherlands, just to name a few. The plant in Avellino near Naples in turn supplies customers in the entire Mediterranean region as well as in the growing market of North Africa. In Switzerland, Aurubis produces complex profiles. And we also reach the European demand centres on short and thus cost-efficient routes from our production site in Stolberg. Whether via rail, road or waterway – the customer can flexibly choose the option that works best for him.

## Modified production structures at customers' plants open up new sales areas for Aurubis

The rise of new competitors in a globalised world and changed conditions pose great challenges for companies in all economic sectors. In the copper industry and in its customer industries, consolidation processes have started and measures to adjust have been put in place. As a result, production structures have been reviewed in some cases and in individual cases, e. g. in the cable and wire industry, have resulted in in-house process stages being dispensed with, such as wire rod production. In such cases new, stable delivery connections with selected suppliers are sought to smoothly replace in-house production. As the leading European producer of copper wire rod, Aurubis is among the prime choices.

Global routes for high-speed transport in 2009 (> 200 km / h) in km




Source: International Railway Society

Constant cooling and lubrication is of great importance in the cold forming of copper into overhead wire.

**Copper** *forms an oxide film on its surface in dry air resulting in a greenish patina over time. It protects the metal from further corrosion and makes it very durable.*

## Timely delivery models minimise storage and reduce costs

The production technology of the Aurubis Group is increasingly linked with that of our customers. The importance of timely delivery is therefore growing as well. Due to our widely positioned production base, we are able to make copper products continuously available, exactly suited to the customers' destinations and time requests. We thus ensure a continuous material flow along the value added chain. Our timely delivery model minimises the necessity of storage and reduces costs. In this delivery system, reliability and the continuously high quality of all accompanying processes are decisive for customer satisfaction – and this is the focus of our activities.

"Consistent product quality and delivery reliability are important when it comes to trolley wire."

Massimo Serufilli, Technology Purchaser RFI
(Rete Ferroviaria Italiana – Italian state railway)

## Packaging by slitting centres fulfils special requests

Not every purchaser of copper strips and copper alloy strips is satisfied with standard solutions. When specific requirements turn into precisely defined special requests regarding quantities and qualities, our distribution and slitting centres in Dolný Kubín (Slovakia) and Smethwick (England) are the right points of contact. Distribution and slitting centres are primarily responsible for the packaging of strips made of copper and copper alloys and thus ideally supplement the rolling mill at the Stolberg site. Strips can be trimmed to size and coated here and their edges can be treated. Optimised storage ensures precise delivery times. Technical assistance is offered, as are placement services for delivery requests beyond the product line. In this way the customer receives a tailored product delivery, precisely prepared as regards quantity, quality and special requests.

## Aurubis Recycling

The professional recycling of metals from a very large variety of secondary raw materials is part of Aurubis's range of services. This includes production residues from the processing industry as well as metal scrap and metallic fractions from product recirculation. In addition, precious metals and other nonferrous metals such as lead, nickel, tin and zinc are extracted and processed into marketable products. With these services we offer multi-metal recycling, whose technical basis is among the most modern and environmentally friendly in the world.

# WE OFFER OUR CUSTOMERS OVERALL SOLUTIONS RELATED TO **COPPER, THE METAL OF THE FUTURE**

## Customers benefit from our extensive copper know-how

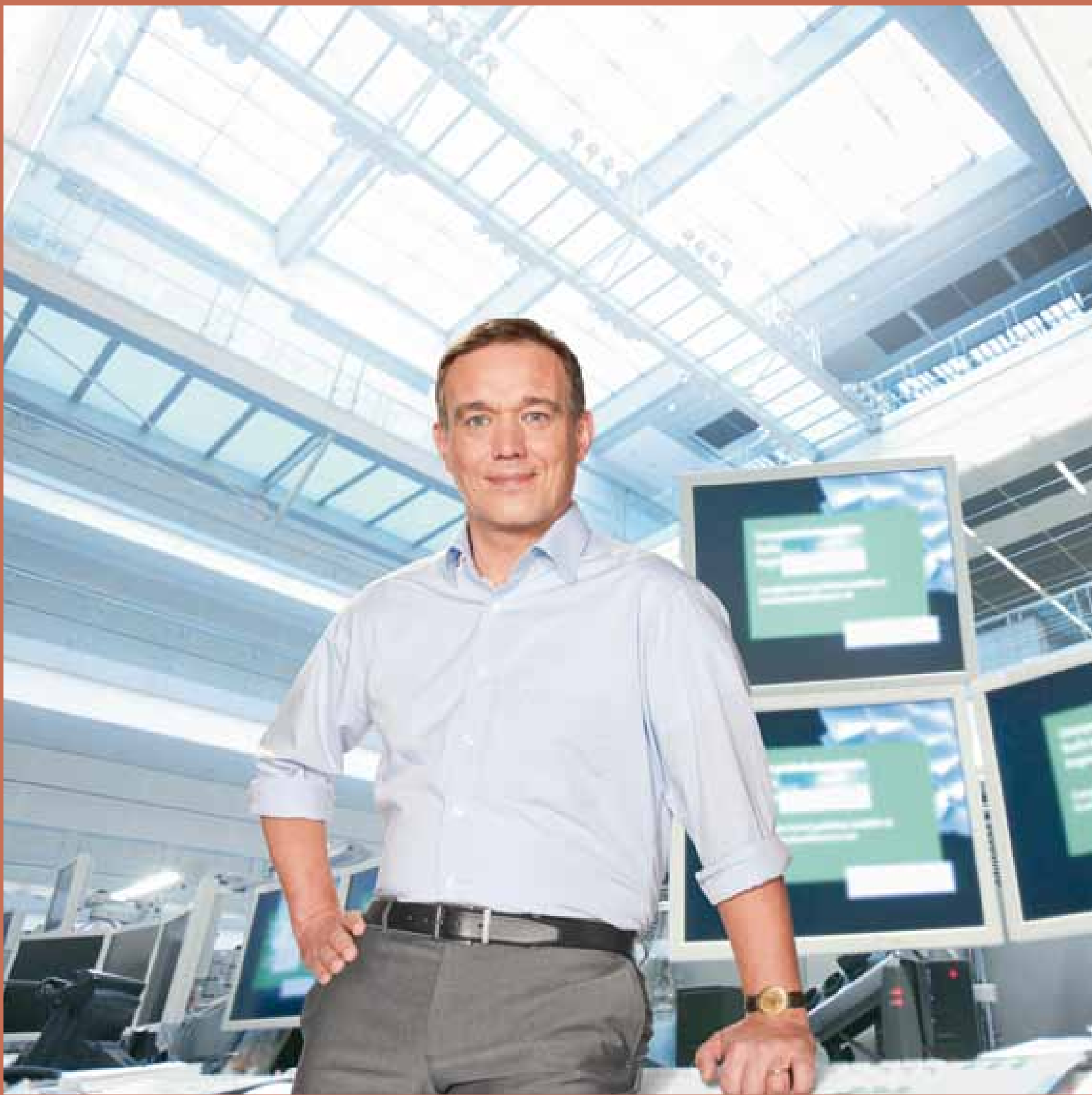
Copper has proved its worth for a long time due to its numerous outstanding properties. And the base metal will accompany the development of human societies in the future as well. Whether excellent electrical and thermal conductivity, corrosion resistance, very good formability, distinct suitability as an alloy, especially good recyclability or the unique colouring – the metal offers solutions for almost every field of application.

Variety dominates the ever more complex copper market as well. Risks and opportunities, which are becoming more and more tightly linked with world economic developments, have increased.

The copper price determined on the metal exchanges, which forms the basis of pricing in the business, is among the significant market parameters. As it is subject to high volatility in some cases, it is of great importance for customers to remain informed about elementary changes and developments.

With its comprehensive copper competencies, Aurubis accommodates its business partners in these areas. Not only the large product range and the product advantages are convincing, but also the extensive services, the comprehensive market know-how and the product-related support services allow us to stand out.


Christian Kawohl,
**Business Unit**
**Recycling / Precious Metals**



Modern communication technology opens up a window to the world. It is the basis of global economic activity, and even the global copper trade is unimaginable without communication and information technology. However, growing demands and new ongoing technical developments lead to a constant product change. When the search is on for recycling options for end-of-life appliances, the good recyclability of the product components is in demand.

**Copper plays a part!**

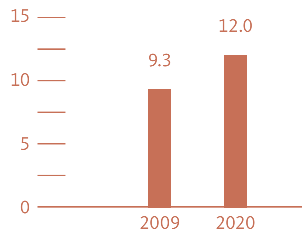
# … and we offer **more**

As a copper company positioned across Europe, Aurubis has a wide spectrum of products and services. Our customers benefit from this over and above just the supply of one product from one source. For example, laboratory tests can be performed, product deliveries can be linked to recycling solutions or contract-related metal exchange transactions can be arranged to hedge risks. These services are always the result of intensive dialogue. Customer contact includes all areas, from acquisition to technical support and quality assurance all the way to logistics, order processing and payment. In this process we speak clearly, from expert to expert, with experience and professionalism. Trust and reliability are the fundamental pillars of our activities. And should problems arise, we see them as a challenge to find a target-oriented solution quickly.

## Recycling solutions complete the product portfolio

Production residues are generated when copper products are processed. On the one hand, this is waste material for which an environmentally friendly option for further processing must be found. On the other hand, it also contains valuable substances which should be extracted as completely as possible by professional recycling. Aurubis possesses state-of-the-art process technology – and a high degree of experience: we have developed our know-how in this sector continuously since the 19th century.

Disposal of waste electrical and electronic equipment in the EU in million t




Source: EU Parliament Environmental Committee

Today the Aurubis Group is the international leader in view of its versatility, technical standards and environmental performance in metal recycling. Drilling chips and millings, as well as foundry residues, slag and copper-containing extraction slimes, are just some of the incidental recycling raw materials from customers that can be processed efficiently and in an environmentally friendly manner. Processed electrical and electronic scrap reaches us from the return of production rejects or from end-of-life products. For certain qualities of recycling materials, we can also conclude tolling agreements, whereby the customer can deliver his residues and receive the copper contents back as a product after paying a recycling fee. We therefore offer overall solutions that represent the significant parts of the closed substance cycle of copper and other metals.

Increasingly more electronic scrap is being generated. In Germany alone up to 1.5 million tonnes accumulate annually, which have to be recycled in an environmentally friendly way. Aurubis has a high level of professionalism and excellent expertise in this area.

***Copper** is distinguished by excellent recyclability. The metal can be recycled over and over again in environmentally friendly processes without loss of quality.*

## Customer service includes a wide range of special benefits

Another frequently used service instrument at Aurubis is the hedging of the copper prices in physical contracts. Hedging represents a reliable method for the management of the metal price risk. Aurubis offers this with all its functions for a period of up to 27 months, even for quantities of less than the 25 tonnes that are usual for the metal exchange. The customer saves the transaction costs in the process and at the same time benefits from professional order administration.

The internet opens up nearly unlimited possibilities. With copper online, our electronic marketplace, we use this medium and offer the customer direct access to our service offering surrounding the copper and copper product trade. In this way a contract via copper online can be traced from its conclusion to its fulfilment step by step on the screen. With this contract tracking the customer receives a precise overview of the respective delivery and payment status as well as of his quantities of copper still stored at Aurubis.

As an internationally operating copper enterprise, Aurubis has great proximity to the markets on account of its branches, agencies and contacts. This enables developments to be identified, analysed and evaluated early on. We can thus make a valuable contribution to orientation as a professionally sound source of information, even in economically insecure times.

> "Production residues do not belong in landfills. The good thing about copper-containing residues is that they can be recycled in an environmentally friendly fashion."

Johann-Peter Scholler, Head of Metal Procurement, Wieland-Werke AG

Aurubis

Our Copper for your Life

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# Highlights of the fiscal year

## October 2009

- » Appointment of Prof. Dr E.h. Wolfgang Leese as a member of the Supervisory Board of Aurubis AG.
- » Completion of storage facility for dusting recycling materials at Aurubis Lunen improves emission situation.

## November 2009

- » Aurubis Hamburg continues to invest in environmental protection – further environmental protection measures announced at the ground-breaking ceremony for the bulk material storage hall that will reduce emissions.
- » Constituent meeting of newly established European General Works Council in the Group.

## December 2009

- » Despite adverse effects of the economic crisis, Aurubis AG posts earnings before taxes of € 73 million for fiscal year 2008 / 09.
- » Aurubis AG and school-leavers develop innovative concepts for the employer of the future.


## April 2010

- » EU emission trading poses risk for energy-intensive companies – Hamburg day of action at Aurubis on 22 April 2010.
- » Aurubis takes part in international trade fair Wire & Tube 2010 in Dusseldorf.

## May 2010

- » Aurubis commended for exemplary occupational safety for the second time.
- » Aurubis reveals very good earnings before taxes of € 167 million for first half-year 2009/10.

## June 2010

- » Aurubis hosts the world's largest technical / scientific copper conference "Copper 2010" in Hamburg, which is held for the first time in Europe.
- » More than 260 executives attend the Group conference "Future Days 2010".


## January 2010

- » 10 years in the Group – Aurubis Lunen, formerly Hüttenwerke Kayser AG, has developed into an important mainstay.
- » Aurubis Bulgaria is awarded the German Industry Award 2009 by the German-Bulgarian Chamber of Industry and Commerce.

## February 2010

- » Aurubis provides information about engineering professions at the Technical College Day in the Alte Schlosserei.

## March 2010

- » First AGM under new name attracts numerous visitors.

## July 2010

- » 21 trainees successfully complete the 9-Plus programme – Hamburg Senator for Education pays tribute to cooperation between school and company.
- » Aurubis Lunen subsidises stays abroad for schoolchildren to improve foreign language skills.

## August 2010

- » Start of training programmes at Aurubis Hamburg and Lunen – Hamburg's Mayor Christoph Ahlhaus welcomes 65 new apprentices and twelve new 9-Plus programme trainees.

## September 2010

- » New entrance to Aurubis Lunen works enables optimised raw material deliveries.

# Letter to the Shareholders

## Dear Shareholders,

We were pleasantly surprised by the past fiscal year in more than one respect. The German economy proved to be considerably more stable than many had dared to believe; it even became the growth locomotive in Europe. Export business is buzzing in nearly all industries. Domestic demand is booming and on the labour market, more people are employed than ever in reunified Germany. This trend is being rewarded on the stock markets. The leading German index DAX has reached a level not seen since June 2008 and is again aiming at the 7,000 point mark.

It almost seems as if there had never been a global financial and economic crisis, but we shouldn't forget where we came from. The German economy faced the worst recession of the post-war period, and major adverse repercussions on the labour market were only avoided with the help of short-time working. Germany is also not an island. The latest euro-zone shocks in Ireland and Portugal show that we still cannot speak of stability and that it would be fatal simply to return to the normal daily agenda.

As a company in the copper industry, we are concerned with two entirely different phenomena at the same time. On the one hand, the conditions for our core business in Europe are improving in line with the economic recovery. On the other hand, risks which we can do little to avoid exist and arise on a macroeconomic level and have an impact on day-to-day business.

The world does not end for us at Europe's borders. China, the superpower, has long since become the most influential factor on the copper market and the other international commodity markets. It thus indirectly influences how our business develops as well. When China introduces changes to its copper sector and its procurement policy for copper-bearing raw materials, we are also affected.

If the country continues expanding its infrastructure or embraces economic measures, there are immediate reactions on the metal markets around the world. Now more than ever, foreign exchange rate fluctuations and the activities of institutional investors who regard commodities as an excellent investment also influence events.

Since our business cannot be disconnected from global economic developments and other conditions are also becoming increasingly unpredictable, a business model that is flexible enough to adjust to these changes is necessary. Aurubis has such a model. It provides the Company with basic economic stability and, due to its orientation and structure, has possible courses of action at the ready to mitigate adverse impacts:

Our raw material base is so extensive that emerging negative effects can be completely or partially compensated. This was confirmed again in the past fiscal year. While the markets for copper concentrates were characterised by short supplies and poor procurement conditions, the markets for copper scrap offered a completely different picture. Moreover, demand for the by-product sulphuric acid, which is produced during concentrate processing, developed favourably.

**Dr Bernd Drouven**
after management positions in the metal industry at Preussag, Degussa and Possehl, began his career in the Group in 2001 as the Managing Director of the former subsidiary Spiess-Urania Chemicals. In 2004 he moved to the Group headquarters and was responsible for strategic planning. He has been a full member of the Executive Board since January 2006 and was the Chief Financial Officer until the end of September 2008. Dr Drouven was appointed Chief Executive Officer on 16 January 2008.

**Dr Stefan Boel**
worked as of 2001 in Product Development and Marketing in the former Copper Division of Umicore S.A. and subsequently became the commercial director of the Umicore plant in Bulgaria. After the demerger of Cumerio from the Umicore Group, Dr Boel became Vice President Copper Refining and Mining Projects and a member of the Executive Committee. As part of the integration of Cumerio in the Group, he joined the Executive Board on 19 April 2008 and has been put in charge of Business Unit Copper Products.

**Erwin Faust**
held managerial positions in the Volkswagen Group, at VAW Aluminium and as of 2003 at Novelis Europa, a sub-group of Novelis Inc. (formerly Alcan Inc.). As the Chief Financial Officer, he served on the supervisory committees of the European companies and for a time as the commercial director of the German company. Erwin Faust was appointed Chief Financial Officer on our Group's Executive Board with effect from 1 October 2008.

**Peter Willbrandt**
joined the Group in 1988. After senior positions in the smelter production sectors, he was put in charge of Metallurgy in 2001. This was followed by his appointment as General Manager of Primary Copper Production in 2004. He was appointed deputy member of the Executive Board on 1 April 2007 and has been a full member since 19 April 2008. He is responsible for Business Unit Primary Copper.

**Dr Michael Landau**
has been employed by the Company since 1981. In March 1998 he was appointed a deputy member of the Executive Board and has been a full member since 1 June 1999. Dr Landau took over as Director of Industrial Relations on 9 November 2007 and is therefore responsible for Human Resources. Business Unit Recycling / Precious Metals is also his responsibility.

Because of its production structure, Aurubis can continue producing copper cathodes without restrictions in the midst of a poor sales situation and declining capacity utilisation for copper products and market these commodities internationally. In 2009 we used this option to reduce the effects of the international economic crisis. Our strong customer orientation proved to be very positive for business development as well.

The integrated network of individual plants in the Group allows Aurubis to control material flows as the situation requires. This is always especially beneficial when there are supply shortages of raw materials or intermediate products as well as stoppages of individual production plants as a result of maintenance or technical disruptions.

With its business model, Aurubis is optimally positioned on the international copper and metal markets. We don't stop there, however. A Chinese adage says, "When the wind of change blows, some build walls and others build windmills." In the sense of this aphorism, we tend to think about building windmills, i.e. using opportunities that arise from changes on the markets. We will do this strategically and in daily business but will not lose our grip on reality in the process. Our aim is to master the increasing demands of the future. Our 4,800 employees work hard toward this objective, on all levels and in all areas of the Group.

The new fiscal year has had an auspicious start on the copper market, whose structures indicate stable development with continuing high copper prices. The copper scrap markets reflect the ongoing good conditions, while the concentrate market is showing signs of recovery. Sales of our copper products and specialty products have been promising up to now and ensure high production capacity utilisation for us. However, there is no reason for us to contentedly pat ourselves on the back. We are only at the beginning of the fiscal year and know quite well about the risks that accompany our business, such as those resulting from volatile global economic and market trends. Therefore, we will only be satisfied when we can present a good annual result yet again at the same time next year.

Yours sincerely

Dr Bernd Drouven
*Chairman of the Board of Aurubis AG*

# Report of the Supervisory Board

## Dear Shareholders,

The Supervisory Board reports in the following on its activities in fiscal year 2009/10, in particular about the deliberations at the meetings, the work of the committees, the compliance with the corporate governance code, the examination of the financial statements of Aurubis AG and the consolidated financial statements as well as changes in the membership of the Company's boards. Aurubis AG achieved a good operating result in the fiscal year. The Supervisory Board would like to thank the Executive Board, management and employees for their successful contributions.

Dr Ernst J. Wortberg
*Chairman of the Supervisory Board*

### Collaboration between Supervisory Board and Executive Board

The Supervisory Board performed the functions and obligations incumbent upon it by law and in the Articles of Association. It regularly supervised and assisted the Executive Board in an advisory capacity in the management of the Company and supported the strategic orientation of the Group that had been mutually agreed. The joint target of the Executive Board and Supervisory Board was to increase enterprise value long-term.

The Supervisory Board was informed by the Executive Board regularly, promptly and comprehensively, in written and verbal reports, which included all relevant information on corporate planning, business development and the Group's situation, including financial, investment and personnel planning, the risk situation and risk and compliance management. Deviations from the approved budgets in the course of business were reported by the Executive Board, reasons given and discussed, and reviewed by the Supervisory Board on the basis of the documents presented. The Executive Board agreed the Group's strategic orientation with the Supervisory Board and discussed all the transactions that were of importance for the Group – in particular the Group's further strategic development. The Supervisory Board was included in all decisions which were of basic importance for the Group and was kept informed by the Executive Board – also between the meetings – about events of fundamental importance for the assessment of the Company's situation and development. The Supervisory Board passed the resolutions required by law or in the Articles of Association.

The Supervisory Board has defined rights of veto for transactions that have a major impact on the Company's net assets, financial position and results of operations. The Supervisory Board gave its approval to important business requiring approval, in each case following an extensive examination of the documents required for making decisions and after detailed consultations with the Executive Board and in the Supervisory Board committees or following corresponding preparatory work in the committees. Documents required for making decisions, especially the annual financial statements of Aurubis AG, the consolidated financial statements and the audit report by the auditors, were provided in a timely manner to the members of the Supervisory Board before the meetings and examined by them.

The Executive Board kept the Supervisory Board informed in detail about special intentions and plans which were urgent for the Company, also between the meetings, to which the Supervisory Board gave – if required – its written agreement. Outside the Supervisory Board meetings, the Chairman of the Supervisory Board was also regularly informed by the Chief Executive Officer about the current business situation and important business transactions in the Company.

## Supervisory Board and committees

The Supervisory Board has twelve members with equal representation in accordance with the German Co-determination Act, six of whom represent the shareholders and six the employees.

To support its work, the Supervisory Board has set up three permanent committees in addition to the Conciliation Committee required by law in accordance with Section 27 paragraph 3 German Co-determination Act: the Personnel Committee, the Audit Committee and the Nomination Committee.

Apart from the Nomination Committee, which since 1 November 2009 has been made up of four representatives of the shareholders, all committees have an equal number of representatives of the shareholders and the employees. The Chairman of the Supervisory Board also chairs all the committees, except for the Audit Committee.

The Personnel Committee prepares personnel-related topics that will be considered by the Supervisory Board, Executive Board contracts and relevant resolutions.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory duties. It is particularly concerned with matters relating to accounting principles and reporting, internal control systems, the risk situation, risk management and compliance. The Audit Committee discusses the half-yearly and quarterly financial reports with the Executive Board and the auditors before publication.

The Nomination Committee recommends suitable candidates for the Supervisory Board as election proposals for the Annual General Meeting.

In addition, the Supervisory Board formed a committee for capital measures for a period of three weeks, which did not pass any resolutions.

Following the meetings, the committee chairmen reported to the Supervisory Board in each case on the work of the committees and the results achieved.

## Work on the Personnel Committee

The Personnel Committee met five times in the year under review. At its meetings on 7 October 2009, 16 November 2009, 11 December 2009 and 18 January 2010, the Personnel Committee prepared a detailed proposal on how the Executive Board compensation should be revised. At its meeting on 2 June 2010, the Personnel Committee discussed details of the individual performance-related assessment criteria of Executive Board compensation. It also prepared the proposal for the Supervisory Board that Dr Stefan Boel should be appointed a member of the Executive Board for a further five years.

## Work on the Audit Committee

The Audit Committee met four times and considered the separate financial statements for Aurubis AG, the consolidated financial statements and the quarterly reports for the past fiscal year, the internal control systems and the Group's risk management, audit procedures and compliance management. The Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control procedures. He is independent and not a former member of the Company's Executive Board.

Apart from the appointment of the auditors and the agreement of the fee with the auditors, the consultations focused on the Group reporting, possible default risks in the Group, the IT authorisation concept, the valuation of inventories and the administration of hedge transactions. The Audit Committee defined the key audit areas for the 2009/10 audit as the follow-up audit to assess the IT authorisation concept, the SAP software implementation at the Pirdop site and the segment reporting in accordance with IFRS 8.

The Audit Committee furthermore monitored the independence of the auditors and obtained the respective declaration.

The auditors' representatives attended one Audit Committee meeting and reported on the audit of the annual accounts.

## Work on the Nomination Committee

The Nomination Committee held one meeting in fiscal year 2009/10 on 9 September 2010 to discuss the new requirements laid down by the corporate governance code for the composition of the Supervisory Board and prepare proposals for the Supervisory Board.

## Areas of discussion in the Supervisory Board

Two extraordinary (on 27 October 2009 and 24 June 2010) and five scheduled Supervisory Board meetings (on 20/21 September 2009, 14 December 2009, 2 March 2010, 6 May 2010 and 24 September 2010) were held in fiscal year 2009/10. Two resolutions were adopted by written consent in lieu of a meeting. No member of the Supervisory Board attended less than half of the meetings.

The Executive Board submitted regular reports on the development of the results, the raw material, foreign exchange and energy markets, the business performance, the status of capital expenditure and human resources in the Group as well as the financial situation and the Group's further strategic development, including the necessary projects for implementation. These topics were then discussed at the Supervisory Board's consultations. The committees' work was also reported at the meetings.

The meeting on 14 December 2009 focused on the approval of the consolidated financial statements and the separate financial statements for Aurubis AG and the preparations for the last Annual General Meeting held on 3 March 2010.

The requirements for Executive Board compensation changed when the Act on the Appropriateness of Executive Board Compensation (VorstAG) came into force on 5 August 2009. The Supervisory Board has accordingly examined the compensation system in detail and revised it. The principle of the new provisions is to orient the Executive Board's contracts more strongly to long-term corporate development. The new compensation system came into effect at the beginning of fiscal year 2009/10. Details are given in this annual report in the Compensation Report.

Furthermore, all business transactions of importance for the Group were considered in detail at the Supervisory Board meetings on the basis of detailed reports from the Executive Board. At the meeting on 24 September 2010, the Supervisory Board approved capital expenditure on the expansion of the anode slimes processing facilities.

The Group's further strategic development and the implementation of related internal and external projects were also key issues at the meetings.

## Corporate Governance

On 12 November 2010, the Executive Board and Supervisory Board once again issued a Declaration of Conformity in accordance with Section 161 German Companies Act. It is included in this annual report and made accessible to the public at *www.aurubis.com*. The Supervisory Board resolved to adjust the retention in the D&O insurance (pecuniary loss/third party indemnity) to comply with the legal provisions. No former members of the Executive Board serve on the Supervisory Board.

The regular efficiency review was performed by the Supervisory Board at its meeting on 24 September 2010.

Further information on corporate governance at Aurubis AG is provided in this annual report in the Declaration on Corporate Governance issued by the management.

## Conflicts of interest

No conflicts of interest of Supervisory Board members were reported in the year under review.

## Audit of the separate financial statements of Aurubis AG and the consolidated financial statements

The company's financial statements prepared by the Executive Board in accordance with the German GAAP and the consolidated financial statements prepared in accordance with IFRS (International Financial Reporting Standards) for the fiscal year from 1 October 2009 to 30 September 2010 and the management reports for the Company and the Group, together with the bookkeeping system and risk management system, have been audited by PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Hamburg, in accordance with the resolution passed at the Company's Annual General Meeting of 3 March 2010 and their subsequent appointment as auditors by the Supervisory Board. The Supervisory Board agreed with the auditors that key issues in the audit would be the follow-up audit to assess the IT authorisation concept for Aurubis AG, SAP roll-out at Aurubis Bulgaria and the segment reporting in accordance with IFRS 8. The auditors have issued an unqualified auditors' report.

The meeting of the Supervisory Board to approve the financial statements was held on 10 December 2010. All members of the Supervisory Board received copies of the financial statements and audit reports as well as the Executive Board's recommendation on the appropriation of the net earnings and all other documents in good time before this meeting. These documents were discussed in detail at the meeting of the Supervisory Board to approve the financial statements. The auditors participated in this meeting, reported in detail on how the audit had been performed and their main audit findings and were available to provide the Supervisory Board with further information, discuss the documents and make additional comments.

Following a detailed discussion on the audit and the auditors' findings and a thorough consideration of the report by the auditors and the recommendation of the Executive Board on the appropriation of the net income, and on the basis of its own review of and discussion on the separate financial statements of Aurubis AG, the consolidated financial statements, the management reports for the Company and the Group and the Executive Board's recommendation on the utilisation of the unappropriated earnings, the Supervisory Board concurred with the results of the audit. The Supervisory Board concluded that no objections need to be raised, based on the results of its review, and, in accordance with the recommendations of the Audit Committee, approved the separate financial statements of Aurubis AG, which were thus adopted, as well as the consolidated financial statements, the management report for Aurubis AG and the consolidated management report at the meeting on the financial statements. The Supervisory Board concurred with the Executive Board's recommendation on the utilisation of the unappropriated earnings.

## Composition of the Supervisory Board

In the fiscal year, Prof. Dr E.h. Wolfgang Leese was initially appointed by the court as a member of the Supervisory Board on 1 October 2009 and then subsequently elected at the Annual General Meeting.

Hamburg, 10 December 2010

The Supervisory Board

Dr Ernst J. Wortberg
*Chairman of the Supervisory Board*

# Supervisory and Executive Boards

## SUPERVISORY BOARD

**Dr Ernst J. Wortberg,** Dortmund
Chairman
Professional Supervisory Board Member

**Hans-Jürgen Grundmann,** Seevetal *
Deputy Chairman
Shop mechanic
Chairman of the Works Council of Aurubis AG

**Gottlieb Förster,** Itzstedt *
Union Secretary of the Mining,
Chemical and Energy Industrial Union, Hanover
- Currenta GmbH & Co. OHG, Leverkusen
  Deputy Chairman of the Supervisory Board
  until 31 December 2009
- Gerresheimer AG, Dusseldorf
  Deputy Chairman of the Supervisory Board

**Dr Peter von Foerster,** Hamburg
Lawyer
- Holcim (Deutschland) AG, Hamburg
  Chairman of the Supervisory Board
- Unilever Deutschland GmbH, Hamburg
  Member of the Supervisory Board
- Hemmoor Zement AG i.L., Hamburg
  Deputy Chairman of the Supervisory Board

**Prof. Dr Heinz Jörg Fuhrmann,** Salzgitter
Deputy Chairman of the Executive Board
of Salzgitter AG, Salzgitter
- Mannesmannröhren-Werke GmbH, Mulheim **
  Member of the Supervisory Board
- Salzgitter Mannesmann Handel GmbH, Dusseldorf **
  Deputy Chairman of the Supervisory Board
- Salzgitter Stahl GmbH, Salzgitter **
  Member of the Supervisory Board
- Salzgitter Flachstahl GmbH, Salzgitter **
  Member of the Supervisory Board
- Europipe GmbH, Mulheim **
  Member of the Supervisory Board
- Öffentliche Lebensversicherung Braunschweig, Brunswick
  Member of the Supervisory Board
- Öffentliche Sachversicherung Braunschweig, Brunswick
  Member of the Supervisory Board
- Klöckner-Werke AG, Frankfurt am Main **
  Chairman of the Supervisory Board
- KHS AG, Dortmund **
  Chairman of the Supervisory Board
- Nord / LB Kapitalanlagegesellschaft AG, Hanover
  Member of the Supervisory Board
- Nord / LB Capital Management GmbH, Hanover
  Member of the Supervisory Board
- TÜV Nord AG, Hanover
  Member of the Supervisory Board
- Ets. Robert et Cie S.A.S. (Comité de Surveillance),
  F-95500 Le Thillay
  Member of the Advisory Board

* elected by the employees
** Salzgitter Group companies

**Rainer Grohe,** Otterstadt
Professional Supervisory Board Member
» K+S Aktiengesellschaft, Kassel
  Member of the Supervisory Board
» PFW Aerospace AG, Speyer
  Member of the Supervisory Board
» Graphit Kropfmühl AG, Munich
  Deputy Chairman of the Supervisory Board

**Renate Hold**, Drochtersen *
Clerical employee
Deputy Chairman of the Works Council and Chairman of the Group General Works Council of Aurubis AG

**Prof. Dr E.h. Wolfgang Leese,** Kamp-Lintfort
Chairman of the Executive Board of Salzgitter AG, Salzgitter
» MAN Nutzfahrzeuge AG, Munich
  Member of the Supervisory Board
» Mannesmannröhren-Werke GmbH, Mulheim / Ruhr **
  Chairman of the Supervisory Board
» Salzgitter Mannesmann Handel GmbH, Dusseldorf **
  Chairman of the Supervisory Board
» Salzgitter Stahl GmbH, Salzgitter **
  Chairman of the Supervisory Board

**Dr med. Thomas Schultek,** Lubeck *
Head of Group Health Protection at Aurubis AG
» Chairman of the Committee of Executive Representatives at Aurubis AG, Hamburg
  since 23 April 2010

**Rolf Schwertz,** Datteln *
Bricklayer and boiler operator
Member of the Works Council of Aurubis AG, Lunen

**Prof. Dr Fritz Vahrenholt,** Hamburg
Chairman of the Management Board of RWE Innogy GmbH, Essen
» VERBIO Vereinigte Bioenergie AG, Leipzig
  Deputy Chairman of the Supervisory Board
» KELAG Kärntner Energieversorgung, Klagenfurt
  Member of the Supervisory Board
» RADAG Rheinkraftwerk Albbruck-Dogern AG, Laufenburg
  Chairman of the Supervisory Board
» Mateco AG, Stuttgart
  Member of the Supervisory Board
» Putz & Partner Unternehmensberatung, Hamburg
  Member of the Supervisory Board since 1 May 2010
» Fraunhofer-Gesellschaft zur Förderung der Angewandten Forschung e. V., Munich
  Member of the Senate since January 2010
» Green Exchange, New York
  Member of the Supervisory Board since June 2010

**Helmut Wirtz,** Stolberg *
Managing Director of IG Metall, Stolberg
» Leoni AG, Nuremberg
  Member of the Supervisory Board

* elected by the employees
** Salzgitter Group companies

## SUPERVISORY BOARD COMMITTEES

**Conciliation Committee in accordance with Section 27 par. 3 Law on Co-determination**
Dr Ernst J. Wortberg (Chairman)
Hans-Jürgen Grundmann (Deputy Chairman)
Renate Hold
Prof. Dr E.h. Wolfgang Leese since 1 November 2009

**Audit Committee**
Prof. Dr Heinz Jörg Fuhrmann (Chairman)
Gottlieb Förster
Hans-Jürgen Grundmann
Dr Ernst J. Wortberg

**Personnel Committee**
Dr Ernst J. Wortberg (Chairman)
Hans-Jürgen Grundmann
Renate Hold
Prof. Dr E.h. Wolfgang Leese
Dr Thomas Schultek
Prof. Dr Fritz Vahrenholt

**Nomination Committee**
Dr Ernst J. Wortberg (Chairman)
Dr Peter von Foerster
Rainer Grohe
Prof. Dr E.h. Wolfgang Leese
from 1 November 2009 to 24 September 2010
Prof. Dr Heinz Jörg Fuhrmann
since 25 September 2010

**Committee for Capital Measures from 24 June to 15 July 2010**
Dr Ernst J. Wortberg (Chairman)
Hans-Jürgen Grundmann (Deputy Chairman)
Prof. Dr Heinz Jörg Fuhrmann
Dr Thomas Schultek

## EXECUTIVE BOARD

**Dr Bernd Drouven,** Hamburg
born: 19 September 1955
Chief Executive Officer
appointed until 31 December 2011

**Dr Stefan Boel,** Hamme, Belgien
born: 9 June 1966
Member of the Executive Board
appointed until 30 April 2016

**Erwin Faust,** Hamburg
born: 4 January 1957
Member of the Executive Board
appointed until 30 September 2013

**Dr Michael Landau,** Molln
born: 26 July 1950
Member of the Executive Board,
Director of Industrial Relations
appointed until 31 May 2013

**Peter Willbrandt,** Winsen / Luhe
born: 16 February 1962
Member of the Executive Board
appointed until 31 March 2015

# Corporate Governance

## DECLARATION AND REPORT ON CORPORATE GOVERNANCE (PART OF THE MANAGEMENT REPORT)

The principles of responsible and sustainable corporate governance determine the actions of the management and controlling bodies of Aurubis AG. In this declaration, the Executive Board reports – also on behalf of the Supervisory Board – in accordance with Section 3.10 of the German Corporate Governance Code and in accordance with Section 289a paragraph 1 HGB (German Commercial Code) about corporate governance.

### Declaration of conformity and reporting on corporate governance

In accordance with Section 161 German Companies Act, the Executive Board and Supervisory Board of a company listed in Germany are obliged to issue an annual declaration to the effect that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) were and are being complied with, or to list the recommendations which were or are not being applied and explain why not.

The Executive Board and the Supervisory Board have concerned themselves on several occasions in fiscal year 2009/10 with the topic of corporate governance and jointly issued the updated Declaration of Conformity in accordance with Section 161 German Companies Act on 12 November 2010. The declaration has been made permanently accessible to the public on the Aurubis AG website. All the declarations of conformity issued to date are also permanently accessible to the public there.

### Text of the Declaration of Conformity 2010

"The Executive Board and Supervisory Board of Aurubis AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 18 June 2009 were applied in the period from 1 October 2009 to 2 July 2010 and that thereafter the recommendations of the "German Corporate Code" in the version dated 26 May 2010 published on 2 July 2010 are being applied with the following exceptions:

» The contracts with new Executive Board members do not include a severance payment cap in the amount of maximum two years' compensation in the event of premature termination of the contract without good cause. The first contracts of newly appointed Executive Board members only have a term of three years and a severance pay cap for the Executive Board member would not be binding. If there is no good cause in terms of Sections 84 paragraph 3 sentence 1 German Companies Act, and 626 German Civil Code, the service contract with the respective Executive Board member can only be terminated by mutual consent. In these cases the Executive Board member is not obliged to agree to a severance pay cap in terms of the Code recommendation (deviation from Code Section 4.2.3 paragraph 4).

» The Supervisory Board will continue in future to observe the legal requirements when proposing candidates at the Annual General Meeting and – irrespective of gender – focus on the professional and personal qualifications of the candidates. It is naturally very relevant that the Company's international activities and potential conflicts of interest as well as diversity are taken into account. In doing so, it is however not necessary to specify concrete objectives (deviation from Code Section 5.4.1).

Hamburg, 12 November 2010

The Executive Board

Dr Bernd Drouven
*Chairman*

Dr Michael Landau
*Member of the Board*

The Supervisory Board

Dr Ernst J. Wortberg
*Chairman*"

## Working procedures of the Executive Board and Supervisory Board

Aurubis AG is a company subject to German law, to which the German Corporate Governance Code relates. A basic principle of German stock corporation law is the dual management system with the two bodies of the Executive Board and Supervisory Board, which are strictly separated as regards personnel between the Executive Board as the board of management and the Supervisory Board as the monitoring organ and each provided with independent responsibilities. The Executive Board and Supervisory Board of Aurubis AG work closely together and in a spirit of trust in the governance and supervision of the Company to the good of the Company.

## The Executive Board

The Executive Board runs the Company on its own responsibility without instructions from third parties in accordance with the law, the Articles of Association and the Board's rules of procedure, taking into account the resolutions passed at the Annual General Meeting. The Executive Board represents the Company in dealings with third parties. The management of Aurubis AG is based on regular strategic discussions on an Executive Board level in collaboration with the Supervisory Board and their subsequent implementation.

The Executive Board as the management body runs the Company's business on its own responsibility with the aim of achieving long-term value added in the Company's interests while taking the needs of all stakeholders into account. The principle of overall responsibility applies, i.e. the members of the Executive Board together bear responsibility for the management of the entire Company. The principles of the cooperation between Aurubis AG's Executive Board members are stated in the rules of procedure for the Executive Board issued by the Supervisory Board. These regulate, in particular, the allocation of responsibilities between the individual Executive Board members, matters reserved for the full Executive Board, the passing of resolutions, i.e. the required majority for resolutions and the rights and obligations of the Chief Executive Officer.

The Executive Board of Aurubis AG currently consists of five members. Dr Bernd Drouven is the Chief Executive Officer. Mr Erwin Faust is the Chief Financial Officer. The operating sector is divided into three business units. Dr Stefan Boel is responsible for the Business Unit Copper Products, Dr Michael Landau for the Business Unit Recycling / Precious Metals and Mr Peter Willbrandt for the Business Unit Primary Copper.

The Executive Board keeps the Supervisory Board informed promptly and comprehensively, in written and verbal reports, as well as in the scheduled meetings, about the planning, business development, important business transactions and the Group's situation including the risk situation, risk management and compliance, i.e. the measures to comply with legal requirements and the internal corporate guidelines. Deviations in the business performance from previously prepared budgets and targets are discussed in detail and reasons given.

When filling management positions in the Company, the Executive Board pays attention to diversity and aims in particular at giving adequate consideration to female applicants.

The mandates of the Executive Board members in other legally formed supervisory boards and comparable German and foreign supervisory bodies are given in the list of Supervisory and Executive Board members in this annual report. No Executive Board member holds more than three Supervisory Board mandates at public limited companies that are not part of the Group or in supervisory committees of companies with comparable requirements.

In the last fiscal year no conflicts of interest occurred that should have been disclosed to the Supervisory Board Chairman and the other Executive Board members.

Aurubis AG has taken out D&O insurance (pecuniary loss / third party indemnity) for the Executive Board and the Supervisory Board with a reasonable retention. Retention of 10 % of the damage or one and a half times the fixed annual compensation has been agreed as of fiscal year 2009 / 10.

## The Supervisory Board

The Supervisory Board advises and monitors the Executive Board in the management of the Company. It appoints and rescinds the contracts of members of the Executive Board, decides on the compensation system for the Executive Board members and specifies their respective total compensation. The Supervisory Board pays attention to diversity in the composition of the Executive Board in terms of Section 5.1.2 of the Corporate Governance Code.

The Supervisory Board is included in the strategy and planning as well as all aspects of major significance for the company. The Supervisory Board has defined rights of veto in favour of the Supervisory Board for transactions of fundamental importance, in particular those that would significantly change the Company's net assets, financial position and results of operations. In case of important events, an extraordinary Supervisory Board meeting is convened if deemed necessary. The Chairman of the Supervisory Board coordinates the work within the Supervisory Board, chairs their meetings and attends to the affairs of the Supervisory Board externally.

The Supervisory Board has defined rules of procedure for its work. The representatives of the shareholders and the employees generally meet separately to prepare for the meetings. No member of the Supervisory Board attended less than half of the Supervisory Board meetings.

## Composition of the Supervisory Board

The Supervisory Board of Aurubis AG with co-determination has twelve members in accordance with the Articles of Association, of which six are elected by the shareholders and six by the employees in accordance with the German Co-determination Act. The periods of office are identical. In accordance with the recommendations of the German Corporate Governance Code, the shareholders' representatives were elected individually to the Supervisory Board in the last election at the Annual General Meeting on 29 February 2008.

The Supervisory Board has not specified any concrete objectives regarding its composition. The Supervisory Board will continue in future to observe the legal requirements when proposing candidates at the Annual General Meeting and – irrespective of gender – focus on the professional and personal qualifications of the candidates. It is naturally very relevant that the Company's international activities and potential conflicts of interest as well as diversity are taken into account.

Former Aurubis AG Executive Board members are not represented in the Supervisory Board. The Supervisory Board has a sufficient number of independent members who do not have a professional or personal relationship with the Company or with its Executive Board. The Supervisory Board's term of office amounts to five years; the current term of office ends at the close of the Annual General Meeting 2013.

The Supervisory Board reviewed its efficiency and considered possible ways of optimising this. No conflicts of interest occurred in the last fiscal year which should have been disclosed to the Supervisory Board without delay. No consultancy or other contracts existed between members of the Supervisory Board and the Company during the fiscal year.

## Supervisory Board Committees

The Supervisory Board has formed four long-term Committees from its members to prepare and complement its work, in the form of the Personnel Committee, the Audit Committee, the Nomination Committee and the Conciliation Committee. The Committees' tasks as well as their composition and work are specified in detail in the rules of procedure of the Supervisory Board. In addition, a temporary Committee for Capital Measures was formed in the last fiscal year at short notice.

*Personnel Committee*

The six-member Personnel Committee has equal numbers of representatives of the shareholders and employees. It considers the structure and level of compensation paid to all members of the Executive Board, the preparation of Executive Board contracts and the selection of qualified candidates for Executive Board positions in the preparation of the necessary Supervisory Board resolutions. The Chairman of the Personnel Committee is the Chairman of the Supervisory Board.

*Audit Committee*

The four-member Audit Committee with equal representation has the task of supporting the Supervisory Board in its supervisory functions. The Audit Committee Chairman, Prof. Heinz Jörg Fuhrmann, is an independent financial expert whose business career has provided him with special expertise and experience in the application of accounting principles and internal control procedures.

*Nomination Committee*

The Nomination Committee is made up only of representatives of the shareholders in accordance with the Corporate Governance Code. The Nomination Committee has the duty of suggesting suitable candidates to the Supervisory Board so that the Supervisory Board can propose them for election at the Annual General Meeting.

*Conciliation Committee*

The Conciliation Committee did not meet during the past fiscal year.

The Committees' compositions are given in the list of Executive and Supervisory Boards in this annual report.

The mandates of the Supervisory Board members in other legally formed Supervisory Boards and comparable German and foreign controlling bodies are also included in the list of the Executive and Supervisory Boards in this annual report.

## Disclosures on relevant corporate governance practices

For Aurubis AG, the applicable legal regulations, in particular the stock market law, the law on co-determination and capital markets law, the Articles of Association, the German Corporate Governance Code and the rules of procedure of the Supervisory Board and the Executive Board, provide the basis for the structure of management and controlling in the Company. Over and above the legal obligations, Aurubis has defined values and derived a code of conduct from these, which regulates the framework of behaviour and decisions and provides orientation for corporate activities.

The values and the code of conduct are published on the homepage at *www.aurubis.com*. Each employee is briefed on these Group-wide applicable values and the code of conduct and the corporate guidelines stemming from them. Mandatory instruction is given on special topics to (potentially) affected employees (e.g. antitrust law, anticorruption, environmental protection and occupational safety).

## Shareholders and Annual General Meeting

The shareholders of Aurubis AG exercise their co-determination and supervisory rights at the Annual General Meeting which occurs at least once a year. Resolutions are passed at the AGM on all matters defined by law which are binding for all shareholders and the Company. Each share grants the holder one vote in the AGM voting processes.

The Annual General Meeting elects the members of the Supervisory Board and passes a resolution on the exoneration of the members of the Executive Board and Supervisory Board. It decides on the utilisation of the unappropriated earnings and on capital measures and gives approval to company agreements. Furthermore, it makes decisions about the compensation of the Supervisory Board and amendments to the Company's Articles of Association. An Annual General Meeting is held once a year, in which the Executive Board and Supervisory Board give an account of the past fiscal year. The German Companies Act stipulates that an extraordinary General Meeting can be convened in special cases.

Each shareholder who has registered in good time and can provide proof of his entitlement to participate in the Annual General Meeting and exercise his voting rights is entitled to attend the Annual General Meeting. Shareholders who cannot or do not wish to attend the Annual General Meeting in person may authorise a bank, a shareholders' association, the proxies designated by Aurubis AG, who are bound to follow the shareholders' instructions, or another person of their choice to exercise their voting rights. The shareholders also have the option of submitting their votes before the Annual General Meeting via the internet. Aurubis AG will give further details in the invitation to the Annual General Meeting.

The invitation to the Annual General Meeting and the relevant reports and information for the resolutions are published in accordance with German stock corporation law and made available in English and German on the Aurubis AG website.

### Risk management

It is also part of good corporate governance that the Company handles risks responsibly. As part of our value-oriented Group management, adequate risk management ensures that risks are identified early on and risk positions are minimised. Compliance management was developed further in the fiscal year so as to comply with the requirements resulting from the legal requirements and the code of conduct. The Chief Compliance Officer reported regularly to the Executive Board and the Supervisory Board's Audit Committee.

Details of risk management at Aurubis AG are given in the risk report, which includes the mandatory report on the accounting-related internal control and risk management system issued in accordance with the German Accounting Law Modernisation Act (BilMoG).

### Transparency

Aurubis AG informs the participants in the capital market and the interested general public without delay, regularly and at the same time about the Group's economic situation and new facts. The annual report, half-yearly reports and the quarterly interim reports are published within the stipulated periods. Press releases and, if necessary, ad hoc announcements provide information on current events and new developments. All information is made available at the same time in German and English and is published in a printed form as well as via suitable electronic media, such as e-mail and internet.

Meetings are arranged on a regular basis with analysts and institutional investors as part of our investor relations activities. Apart from an annual analysts' conference, conference calls are also held for analysts, especially in connection with the publication of quarterly figures. All new matters that are disclosed to the financial analysts and comparable addressees are also made available immediately to the shareholders on the Company's website.

The Company's Articles of Association and Declaration of Conformity and all Declarations of Conformity that are no longer current are likewise available on the website.

Furthermore, immediately after receipt of a relevant notification pursuant to Section 21 German Securities Trading Act (WpHG), the achieving, exceeding or falling below of 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights in the Company is published in an information system that is distributed throughout Europe.

### Financial calendar

The scheduled dates of the main recurring events and publications – such as the Annual General Meeting, the Annual Report and interim reports – are combined in a financial calendar. The calendar is published sufficiently in advance and made permanently available on the Aurubis AG website.

## Directors' dealings

In accordance with Section 15a of the German Securities Trading Act, members of the Executive and Supervisory Boards, certain employees in management positions and persons closely associated to them have to disclose acquisitions and sales of Company shares and related financial instruments.

The members of the Executive Board have not informed the Company about any notifiable dealings in securities.

The Supervisory Board members Dr Ernst Wortberg and Mr Helmuth Wirtz informed the Company that they or their relatives had sold 2,900 no-par-value shares in the Company in the period from 1 October 2009 to 30 September 2010.

The Company then reported this information to the Federal Financial Supervisory Authority and published it.

The Executive Board and Supervisory Board hold less than 1% of the shares issued by the Company.

## Financial reporting and annual audit

Aurubis AG prepares its consolidated financial statements and the consolidated interim reports in accordance with International Financial Reporting Standards (IFRS), as they should be applied in the European Union. The financial statements of Aurubis AG are issued in compliance with German Commercial Code (HGB). The financial statements of Aurubis AG and the consolidated financial statements are compiled by the Executive Board and examined by the auditors and the Supervisory Board. The interim reports and the half-yearly financial reports are discussed by the Audit Committee and the Executive Board before publication.

The Company's auditor was elected at the Annual General Meeting in compliance with the provisions of the German Stock Corporation Act. PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hamburg, was appointed auditor of the consolidated financial statements 2009/10 and the HGB financial statements 2009/10 of Aurubis AG. Before submitting the proposal for the election of the auditors, the Supervisory Board obtained the declaration from PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft on their independence specified by the German Corporate Governance Code. The audit was performed in accordance with German auditing regulations, taking into account the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors; in addition, the International Standards on Auditing were also observed. They also covered risk management and the compliance with reporting obligations on corporate governance in accordance with Section 161 German Securities Trading Act.

Furthermore, it was also agreed with the auditors that they would inform the Supervisory Board without delay about any possible grounds for exclusion or lack of impartiality and about the main findings and incidents arising during the audit.

Hamburg, 2 December 2010

The Executive Board

Dr Bernd Drouven
*Chairman*

Dr Michael Landau
*Member of the Board*

## COMPENSATION REPORT (PART OF THE MANAGEMENT REPORT)

The following compensation report is part of the Group Management Report. It outlines the structure and level of the Aurubis AG's Executive Board and Supervisory Board compensation.

### Compensation for the Executive Board

The Supervisory Board defines the total compensation of the individual Executive Board members on the basis of proposals from the Personnel Committee and decides on and reviews the compensation system for the Executive Board at regular intervals.

The requirements for Executive Board compensation changed when the Act on the Appropriateness of Executive Board Compensation (VorstAG) came into force on 5 August 2009.

The Supervisory Board has accordingly examined the compensation system in detail and revised it. The principle of the new provisions is to orient the Executive Board's contracts more strongly to long-term corporate development. The new compensation system came into effect at the beginning of fiscal year 2009/10.

The compensation of the individual Executive Board members is defined in their employment contracts and consists of a series of components, comprising fixed compensation, variable compensation and fringe benefits and pension plans.

*The various compensation components are as follows:*

The compensation of the Executive Board members is made up of fixed and variable components. The fixed parts consist of fixed compensation, the fringe benefits and pension plans. The fixed compensation amounts to € 480,000 for the Chief Executive Officer and € 336,000 for the ordinary members of the Executive Board and is paid out monthly in equal instalments. In addition, the Executive Board members receive fringe benefits in the form of benefits in kind, mainly comprising the value of insurance premiums in accordance with the fiscal guidelines and the use of a company car. The individual Executive Board members must pay tax on these fringe benefits as components of their compensation.

The new system for variable compensation consists of two components, which are paid out each year. The first component (Component 1) is dependent on achieving an annual target related to an adjusted average consolidated EBT (earnings before taxes) of three years, in each case related to the current and the two prior fiscal years before the respective fiscal year. The target is an EBT derived from a ROCE of 15 %. The target bonus of Component 1 amounts to about 60 % of the variable compensation in relation to Component II and can reach a cap of 100 %. If the EBT is less than 40 % of the target, Component 1 will not be paid. The maximum amount that can be reached from these components amounts to € 600,000 for the Chief Executive Officer and € 400,000 for ordinary members of the Executive Board.

Component II stipulates that an annual assessment of the joint (Component II a) and individual (Component II b) performance of the Executive Board will be carried out by the Supervisory Board. Both components are based on a qualitative criteria-supported assessment of the long-term company management.

The target bonus of Component II has a cap of 100 %. Less than 50 % of the target bonus is paid out only if the granting of same would be unreasonable in the sense of Section 87 paragraph II Companies Act. The maximum amount to be reached from Components II a and II b amounts to € 200,000 for the Chief Executive Officer and € 140,000 for each of the ordinary members of the Executive Board.

In addition to this, the Executive Board members still received compensation from the Company's incentive plan, which is coming to an end, during the past fiscal year and will continue to receive it for the next two to three years as the case may be.

*This plan has two components:*
It is oriented firstly to the performance of Aurubis shares and is triggered when the Aurubis share price has risen by a previously determined percentage during the reference period (usually 3 years) (Part A, hurdle component). Secondly, the incentive plan is oriented to the performance of Aurubis shares compared with the performance of the CDAX (Part B: performance component). The participation of Executive Board members in the incentive plan is conditional on their continued ownership of a certain number of Aurubis shares. One acquired share is entitled to five options in each case from Part A and Part B of the plan. The profit per option is limited to the Aurubis share price at the beginning of the term.

The hurdle component (Part A) takes into account the performance of Aurubis shares during the reference period (usually three years) and is only triggered once the price has risen by a percentage defined at the beginning of the term (usually an exercise hurdle of 10 %). The difference between the price when exercising the option plus the most recent dividend and the price at the beginning of the term multiplied by the number of options is paid out.

The performance component (Part B) takes into account the performance of Aurubis shares in relation to the performance of the CDAX and is only triggered if Aurubis shares outperform the CDAX over a period of three years.

In addition, pension plans have been agreed for the individual Executive Board members, with the exception of Dr Boel. The pension benefits are determined as a varying percentage of the fixed compensation. The percentage increases based on the length of service on the Board. The pension is payable once the Executive Board member reaches the age of 65 (Dr Drouven, Mr Faust und Mr Willbrandt) or 62 (Dr Landau) or in the event of their disability. Dr Boel has a defined contribution pension plan, for which an amount of € 50,000 is paid to an insurance company each year.

The employment contracts of Executive Board members include no change of control clauses. In the event of non-renewal of their Executive Board contracts for reasons for which they are not responsible, Executive Board members (with the exception of Dr Boel) will under certain conditions receive an early retirement pension from the pension plan. These conditions are fulfilled if the Executive Board member has completed at least five years of service at Aurubis AG and is at least 55 years old (Dr Drouven, Mr Faust and Mr Willbrandt) or has completed either 25 or 15 years of service and is at least 50 years old (Dr Landau).

Pensions paid before they reach 62 or 65 years, respectively, have the character of an interim payment. Compensation paid to an Executive Board member for activities outside the Aurubis Group after termination of his contract is offset against the pension until he reaches the age of 62 or 65, respectively.

Apart from the defined benefit pension plans for Dr Drouven, Mr Faust, Mr Willbrandt and Dr Landau and the defined contribution pension plan for Dr Boel, all the members of the Executive Board, with the exception of Dr Landau, have an additional defined contribution company pension plan. This pension plan is based on a lump sum single payment. At the end of each fiscal year, € 120,000 for the Chief Executive Officer and € 80,000 for the other three Executive Board members is paid into liability insurances, beginning at the end of fiscal year 2009/10.

The Executive Board members can use the accumulated capital at the earliest when they have reached 60 years of age, but not before ceasing to be employed by the company.

Dr Werner Marnette, who resigned as Chief Executive Officer on 9 November 2007, received his fixed income and guaranteed bonus until 31 March 2010. The dividend-related bonus was gradually reduced until the end of fiscal year 2009/10. Dr Marnette had entitlements from the fourth tranche of the incentive plan. Dr Marnette has received a pension since April 2010.

The total compensation paid to active members of the Executive Board for activities in fiscal year 2009/10 amounted to € 6,023,366. In addition, expenditure for pension funds in the amount of € 993,377 was recognised as an expense.

The following table provides details of the compensation of the individual members:

| in € | Fixed salary | Variable compensation | Fringe benefits | Compensation from incentive plan | Total | Expenditure for pension funds |
|---|---|---|---|---|---|---|
| Dr Bernd Drouven | 480,000 | 950,000 | 22,457 | 216,370 | 1,668,827 | 241,125 |
| Dr Stefan Boel | 336,000 | 645,000 | 10,784 | 0 | 991,784 | 130,000 |
| Erwin Faust | 336,000 | 645,000 | 17,826 | 0 | 998,826 | 171,633 |
| Dr Michael Landau | 336,000 | 645,000 | 27,376 | 216,370 | 1,224,746 | 284,357 |
| Peter Willbrandt | 336,000 | 645,000 | 23,691 | 134,492 | 1,139,183 | 166,262 |
| Total | 1,824,000 | 3,530,000 | 102,134 | 567,232 | 6,023,366 | 993,377 |

Dr Marnette has received compensation of € 606,236 since 1 October 2009.

The Company has set up pension provisions on the basis of IFRS for the Executive Board members, with the exception of Dr Boel. Allocations to the pension provisions for active members of the Executive Board in the year under review amounted to € 583,377. This amount comprises service cost and interest cost. In addition, an amount totalling € 410,000 per fiscal year is paid into an external pension fund for the Executive Board members, with the exception of Dr Landau.

The following table shows the value of the options from the Company's incentive plan for Executive Board members:

| | Number of options | Value of options as at 30 September 2010 in € 5th tranche | 6th tranche | Total in € |
|---|---|---|---|---|
| Dr Bernd Drouven | 50,000 | 240,191 | 107,607 | 347,798 |
| Dr Stefan Boel | 28,000 | 134,507 | 60,260 | 194,767 |
| Erwin Faust | 14,000 | 0 | 60,260 | 60,260 |
| Dr Michael Landau | 28,000 | 134,507 | 60,260 | 194,767 |
| Peter Willbrandt | 28,000 | 134,507 | 60,260 | 194,767 |
| **Total** | **148,000** | **643,712** | **348,647** | **992,359** |

The incentive plan options of Dr Bernd Langner, who has retired from the Executive Board, were valued at € 67,253 for the 5th tranche.

Former members of the Executive Board and their surviving dependents received a total of € 1,469,220, while € 14,627,579 has been provided for their pension entitlement.

## Compensation for the Supervisory Board

The compensation paid to the Supervisory Board is agreed at the Annual General Meeting and is covered by Section 12 of Aurubis AG's Articles of Association. It is based on the duties and responsibilities of Supervisory Board members as well as the business situation and the Company's business success.

In addition to the reimbursement of expenses incurred while carrying out his office, each member of the Supervisory Board receives a fixed fee of € 40,000 per fiscal year. The Chairman of the Supervisory Board receives twice this amount and his deputy 1.5 times this amount. Supervisory Board members who serve on a Supervisory Board committee receive an additional € 5,000 per fiscal year for each committee served on, not however exceeding € 10,000 per fiscal year. Supervisory Board members who chair a Supervisory Board committee receive an additional € 10,000 per fiscal year per chairmanship, not however exceeding € 20,000 per fiscal year.

In addition to the fixed fee, every member of the Supervisory Board receives an annual bonus linked to the Company's long-term performance of € 250 for every € 1,000,000 of the Company's adjusted earnings before taxes (EBT) in excess of an adjusted EBT of € 50,000,000 per annum on average over the last three fiscal years.

The adjusted EBT is the EBT in accordance with IFRS before revaluation of LIFO inventories using the average cost method and without taking into account the effects of copper price fluctuations in the valuation of inventories of the former Cumerio companies. It has averaged € 224 million in the last three fiscal years.

The Chairman receives twice and his deputy 1.5 times this amount.

The fixed compensation (excluding compensation for committee membership) and the bonus linked to the Company's long-term performance are limited to € 80,000 per fiscal year for each member of the Supervisory Board. The limit for the Chairman amounts to € 160,000 per fiscal year and € 120,000 per fiscal year for his deputy.

This limit has been taken into account in the past fiscal year.

Furthermore, Supervisory Board members receive an attendance fee of € 500 for each meeting of the Supervisory Board and of its committees attended.

The following table provides details of the compensation of the individual members of the Supervisory Board for fiscal year 2009/10:

| in € | Fixed compensation | Variable compensation | Compensation for committee membership | Attendance fees | Total |
|---|---|---|---|---|---|
| Dr Ernst J. Wortberg | 80,000 | 80,000 | 20,000 | 8,000 | 188,000 |
| Hans-Jürgen Grundmann | 60,000 | 60,000 | 10,000 | 7,000 | 137,000 |
| Gottlieb Förster | 40,000 | 40,000 | 5,000 | 5,000 | 90,000 |
| Dr Peter von Foerster | 40,000 | 40,000 | 5,411 | 3,500 | 88,911 |
| Prof. Dr Heinz Jörg Fuhrmann | 40,000 | 40,000 | 10,370 | 5,000 | 95,370 |
| Rainer Grohe | 40,000 | 40,000 | 5,000 | 3,000 | 88,000 |
| Renate Hold | 40,000 | 40,000 | 10,000 | 5,500 | 95,500 |
| Prof. Dr E. h. Wolfgang Leese | 40,000 | 40,000 | 10,000 | 6,000 | 96,000 |
| Dr Thomas Schultek | 40,000 | 40,000 | 5,288 | 5,500 | 90,788 |
| Rolf Schwertz | 40,000 | 40,000 | 0 | 3,000 | 83,000 |
| Prof. Dr Fritz Vahrenholt | 40,000 | 40,000 | 5,000 | 5,500 | 90,500 |
| Helmut Wirtz | 40,000 | 40,000 | 0 | 2,000 | 82,000 |
| **Total** | **540,000** | **540,000** | **86,069** | **59,000** | **1,225,069** |

On this basis, the Supervisory Board members received a total of € 1,225,069.

Hamburg, 2 December 2010

The Executive Board

Dr Bernd Drouven
*Chairman*

Dr Michael Landau
*Member of the Board*

The Supervisory Board

Dr Ernst J. Wortberg
*Chairman*

# Aurubis shares

### Ailing national budgets and phases of unclear economic trends lead to nervous undertones in the capital markets

Fiscal year 2009/10 was marked by the after-effects of the financial and economic crisis – the volatility of the markets was accordingly high. The imbalance of several European national budgets in particular and the financial upheaval in Greece led to strong price declines during the course of the year. Consequently, the solvency of individual states was downgraded by rating agencies, which unsettled the market participants even more. In addition, the recurring fears of recession in the USA put a strain on the stock exchanges in the course of the fiscal year.

Despite the volatile environment, the market as a whole was able to recover from its lows. Aurubis shares outperformed the German share indexes in the process. While the MDAX increased by 19%, the Aurubis share price rose by 23%. The DAX did not keep pace with the mid caps with its rise of 10%.

### Aurubis shares achieve new all-time highs with volatile price performance during fiscal year

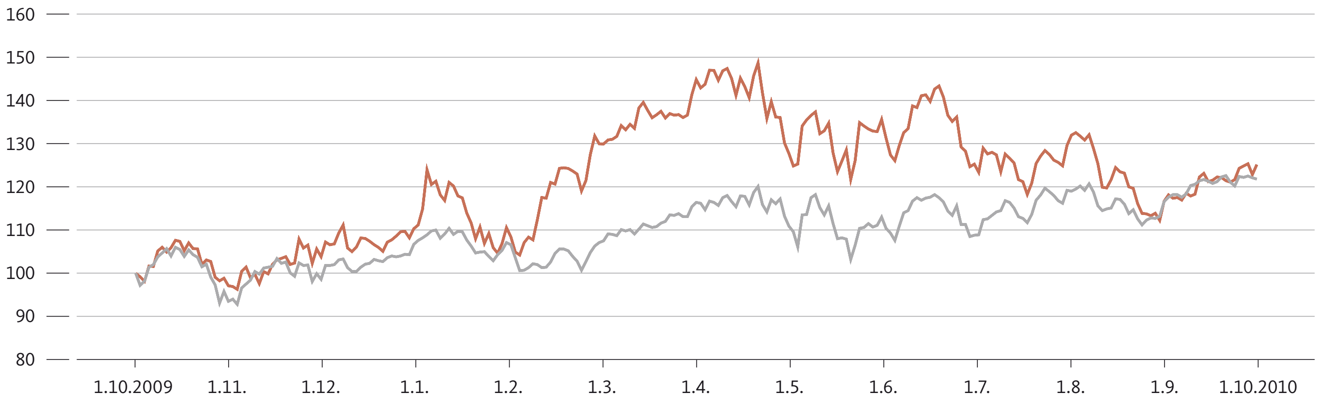
The Aurubis share price was relatively volatile in fiscal year 2009/10. It fell to an annual low of € 26.89 on 3 November 2009 but was able to recover quickly again. The economic mood brightened in the second and third quarters and commodity prices rose accordingly. Supported by the positive business environment, the Aurubis share price climbed to an historic high of € 41.53 on 26 April 2010.

In the remainder of the fiscal year, there were repeated price corrections on the stock exchanges, so the share price dipped beneath the peaks. The fiscal year ended on 30 September 2010 with an Aurubis share price of € 34.96, a plus of 23% compared to the previous year.

In fiscal year 2009/10 the average daily trading volume amounted to 242,000 traded shares (Xetra), nearly matching the previous year's turnover of 257,000 shares (Xetra). The slight decline in the trading volume can primarily be attributed to the uncertainty of market participants due to the financial crisis.

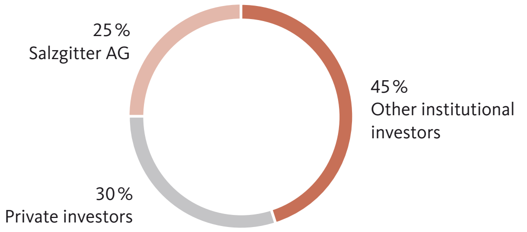
**AURUBIS SHARE PERFORMANCE COMPARED WITH THE MDAX FROM 1 OCTOBER 2009 TO 1 OCTOBER 2010**

indexed to 100%




Aurubis share price as at 1 October 2010: € 28.48 = 100%

## SHAREHOLDER STRUCTURE AS AT 23 FEBRUARY 2010




### Salzgitter AG increases its investment

Salzgitter AG announced that it had purchased additional shares in the Company on 15 December 2009, thereby exceeding the 25 % threshold. The steel manufacturer's investment in Aurubis was 25.3 % at the end of the fiscal year. The remaining 75 % of Aurubis shares are divided between institutional investors, with roughly 45 %, and private investors, with about 30 %.

### Executive Board suggests increase in dividend to € 1.0

Aurubis AG is traditionally known for its shareholder-friendly dividend policy. After we paid our shareholders a dividend of € 0.65 per share in the crisis year 2008 / 09, we would like our shareholders to receive adequate benefit from the profit again this year. The Executive Board and the Supervisory Board will thus recommend increasing the dividend to € 1.0 per share at the Annual General Meeting on 3 March 2011.

### Investor Relations strengthens its communication activities

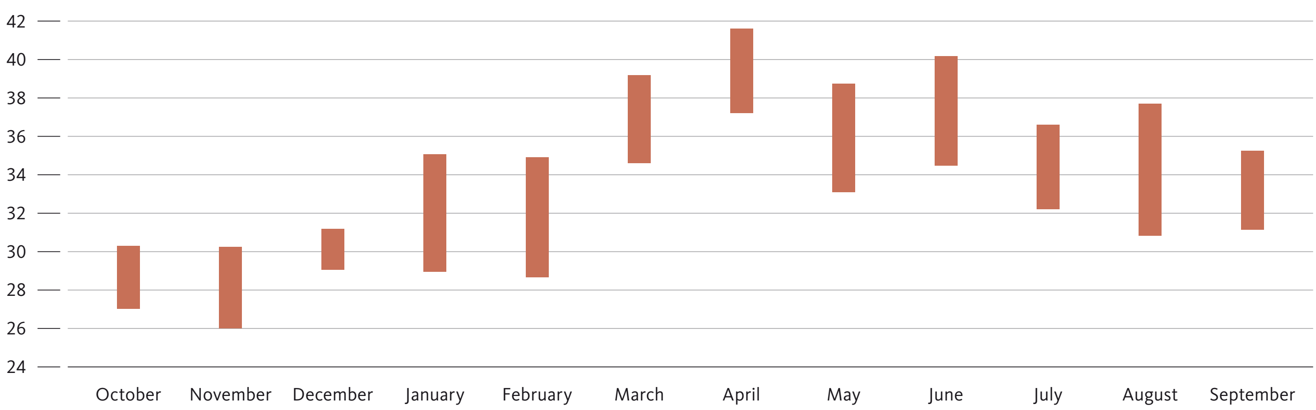
After the upheavals in the capital markets last year, the uncertainty among market participants with regard to the trends on the capital market and the real economic prospects continued in 2010. Therefore, we expanded our intensive communications with private as well as institutional investors, informing them about our business performance and strategy.

The Executive Board and the Investor Relations department vigorously sought communication with institutional and private investors during the past fiscal year. In addition to roadshows at significant financial centres in Europe and the USA and participation in various investors' conferences, conference calls and individual discussions with investors were organised and carried out. We engaged with private shareholders in three well attended dialogue events. The investors were given the opportunity to become acquainted with the Hamburg site and to learn about the Company in discussions with the Executive Board and employees. As in previous years, demand was very high with positive feedback throughout.

Our shareholders can reach us quickly and find comprehensive information about all significant sectors at Aurubis at our website *www.aurubis.com*. Moreover, we promptly provide financial reports, presentations and other publications in the download centre.

## HIGHS AND LOWS OF AURUBIS SHARES IN FISCAL YEAR 2009 / 10

in €



| Key figures of Aurubis shares | | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|---|---|---|---|---|---|---|
| Closing price as at fiscal year-end * | in € | 19.00 | 30.80 | 29.84 | 28.48 | 34.96 |
| Year high (close) * | in € | 27.12 | 34.85 | 36.60 | 31.43 | 41.53 |
| Year low (close) * | in € | 16.75 | 18.99 | 21.40 | 18.24 | 26.89 |
| Market capitalisation as at fiscal year-end * | in € million | 706 | 1,144 | 1,220 | 1,164 | 1,429 |
| Number of shares as at fiscal year-end | in thousand units | 37,154.3 | 37,154.3 | 40,869.7 | 40,869.7 | 40,869.7 |
| Dividend or recommended dividend | in € | 1.05 | 1.45 | 1.6 | 0.65 | 1.0 |
| Payout ratio | in % | 66 | 50 | 23 | 36 | 48 |
| Earnings per share (IFRS) ** | in € | 1.64 | 4.24 | 5.82 | 1.28 | 4.69 |
| Price/earnings ratio as at fiscal year-end ** | | 11.6 | 7.3 | 5.2 | 22.3 | 7.5 |

* Xetra disclosures
** on the basis of LIFO inventory valuation method

| Information on Aurubis shares | |
|---|---|
| Security identification number: | 676650 |
| International Securities Identification Number (ISIN): | DE 000 67 66 504 |
| Stock market segment: | MDAX |
| Stock exchanges: | Official trading in Frankfurt am Main and Hamburg: unofficial market in Dusseldorf, Stuttgart, Berlin/Bremen |
| Market segment: | Prime Standard |
| Issue price: | € 12.78 |
| Average daily trading volume: | 241,891 shares in Xetra trading |
| Deutsche Börse code: | NDA |
| Reuters code: | NAFG |
| Bloomberg code: | NDA_GR |

| Analyst coverage 2009/10 |
|---|
| Bankhaus Lampe |
| Berenberg Bank |
| Bank of America/Merrill Lynch |
| LBBW |
| CA Cheuvreux |
| Commerzbank |
| Deutsche Bank |
| Dr Kalliwoda Research |
| DZ Bank |
| Haspa |
| HSBC |
| HVB/Unicredit |
| Merck Finck & Co Privatbankiers |
| Morgan Stanley |
| Nord LB |
| Solventis |
| SRH Alster Research |
| Viscardi Securities |
| M.M. Warburg |
| West LB |

# Group Management Report

# BUSINESS AND STRATEGY

Aurubis's core business, Group structure and employees form the foundation for our business success. With our integrated business model and our European production base, we have a strong position in international competition in the copper market which we intend to enhance strategically even further. This is bolstered by a distinct customer orientation that relies on adaptability, quality and enthusiasm for innovation. For this reason Aurubis can sustain its position even in times of economic upheaval.

## BUSINESS ACTIVITIES AND GROUP STRUCTURE

### Performance profile

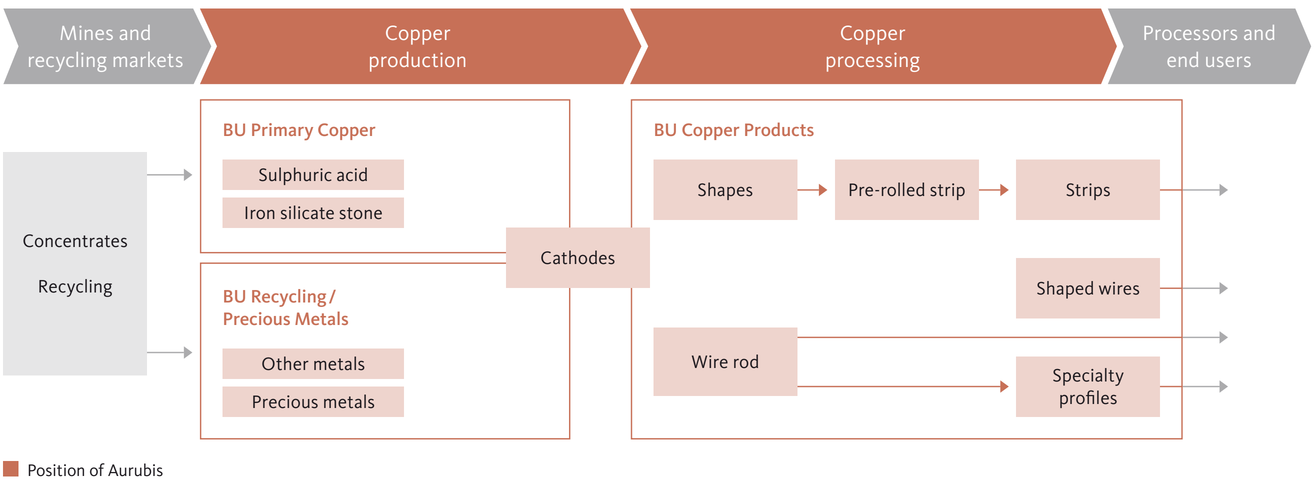
The Aurubis Group's core business is the production of copper and copper products from primary and secondary raw materials. This is also evident in the Group structure, which integrates significant coordinated parts of copper's value added chain. With this competitive profile Aurubis clearly sets itself apart from other companies in the copper industry. Metal recycling, the production of precious metals and specialty products complete our range of services. The Company is positioned geographically across Europe with sites in seven countries. Some 4,800 employees work for Aurubis.

### Business operations and organisation

*Business model*

Aurubis's business model comprises differentiated raw material processing, copper production and the manufacture of copper products. It thus offers great flexibility in the management of the procurement and use of raw materials as well as production and sales. Aurubis produces most of its copper from copper concentrates that are primarily sourced overseas and to a limited extent in the Black Sea region, and processed at the sites in Hamburg and Pirdop. In addition, intermediate products, copper scrap and other metal-bearing recycling raw materials, most of which are procured in Europe, are treated in the smelting plants. Special recycling options are available for production residues from metal processing and for electronic scrap.

**WELL POSITIONED ALONG THE VALUE ADDED CHAIN AS THE LEADING INTEGRATED COPPER GROUP**



We produce copper cathodes of the highest quality and purity from the procured copper raw materials at the Hamburg, Lunen, Olen and Pirdop sites, which are then primarily processed into copper products in the Group, but can also be marketed on the metal exchanges and sold to trade and industry.

With the production of copper products, we move closer to the end-customer markets. At the same time, our own cathode basis reliably guarantees the quantities and qualities for product manufacture. The Group's most important copper product is wire rod produced from electrolytic copper, which is delivered in various sizes, especially to cable and wire factories. In addition, Aurubis produces continuous cast shapes, pre-rolled strip, strips, shaped wire, specialty profiles as well as specialty products that are produced in smaller quantities.

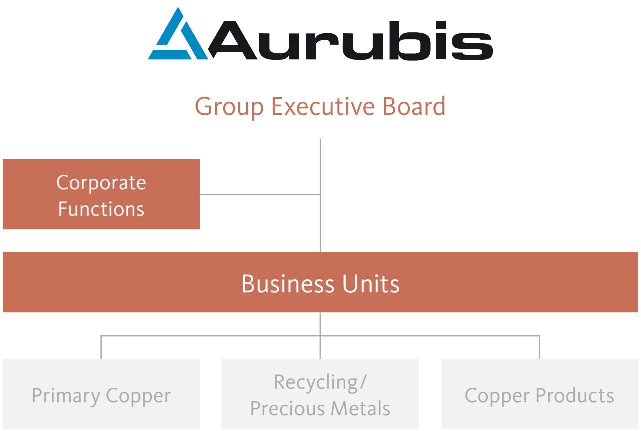
Our copper products are mainly used for applications that require high electrical and thermal conductivity. Specialty products that are made from the other by-materials and by-metals in our raw materials complete the product portfolio.

*Organisational Group structure*
The Aurubis Group is managed centrally from the corporate and administrative headquarters in Hamburg, where the main production facilities are also concentrated. Oriented to the value added chain of copper, the Group is divided organisationally into three operating Business Units (BU), which also provide the reporting basis.

The Business Unit **Primary Copper** mainly comprises the production facilities for the processing of copper concentrates and the production of copper cathodes in Hamburg and Pirdop. It also includes copper production at the Olen site and the marketing of the sulphuric acid produced. In addition, the BU includes the companies that have specialised in the production of selenium and iron silicate stone.

The Business Unit **Recycling / Precious Metals** is engaged in the recycling of copper and other metals from secondary raw materials, as well as the production of precious metals. The Lunen recycling centre and the secondary smelter and precious metal production facilities in Hamburg are allocated to this Business Unit. Companies and investments in connected business areas round off the Business Unit's portfolio.

**SLIM ORGANISATION STRUCTURE IS ORIENTED TO THE VALUE ADDED CHAIN**




## The Aurubis Group is divided into three operating Business Units, which are supported by cross-group sectors.

The Business Unit **Copper Products** includes in particular the group-wide production and marketing of copper products, including copper cathodes, wire rod, continuous cast shapes, rolled products and specialty products. The core activities of this Business Unit are carried out at the production sites in Hamburg, Stolberg and Emmerich (Germany), and in Olen (Belgium), Avellino (Italy) and Yverdon-les-Bains (Switzerland). Two slitting centres in the United Kingdom and Slovakia complete the Business Unit's performance profile.

Cross-group sectors support the operating sectors with their respective service and administrative functions.

*Legal structure of the Group and main steps in its development*

Aurubis AG was founded in Hamburg in 1866 under the name Norddeutsche Affinerie AG. Following various changes in the ownership structure, an IPO was carried out in 1998. The Company has been represented in the MDAX and in the Prime Standard of the German Stock Exchange since 2003. Norddeutsche Affinerie AG was renamed as Aurubis AG following a resolution passed at the Annual General Meeting on 26 February 2009.

Following the IPO in 1998, the Group enlarged its corporate base as a result of several acquisitions:

» On 31 December 1999, the majority interest was acquired in Hüttenwerke Kayser AG, a company that had specialised in copper recycling, which was amalgamated with the former Norddeutsche Affinerie AG on 1 October 2003. The Lunen site is the Group's recycling centre.

» On the product side, Aurubis acquired Prymetall GmbH & Co. KG (now called Aurubis Stolberg GmbH & Co. KG) with its 50 % holding in Schwermetall Halbzeugwerk GmbH & Co. KG (Schwermetall) in Stolberg in fiscal year 2001/02. This represented a further strategic step toward the expansion of the Company.

» Aurubis took over the European competitor Cumerio in fiscal year 2007/08 and thus created an international corporate base. Cumerio was similarly engaged in the production and processing of copper, with sites in Belgium, Bulgaria, Italy and Switzerland. All the main former Cumerio companies were uniformly renamed as Aurubis.

## Management responsibility in the Group

Aurubis AG's Executive Board determines the corporate strategy. It directs and is responsible for the Business Units and central functions. Its members possess extensive knowledge and the necessary experience to be able to manage the Group professionally. Collaboration within the Executive Board is characterised by close cooperation and intensive communication. Its members understand that leadership within the whole organisation has to be constantly exemplified.

To formally establish this, an international working group developed leadership guidelines during the past fiscal year. These guidelines reflect the attitudes of Aurubis managers toward the issue of leadership and cooperation and are to be the criteria for leadership behaviour in the Company in the future.

The precepts of these guidelines are:

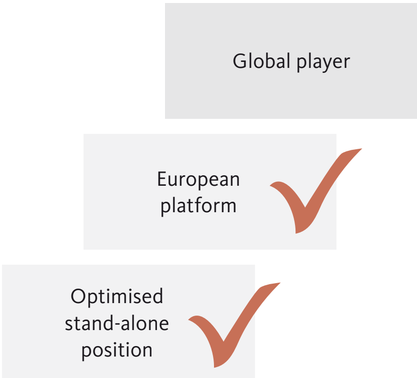
» Acting entrepreneurially
» Building trust
» Creating new opportunities
» Enabling success

To pursue the topic of leadership further, a competence model is currently being prepared from which the required and desired competencies for managers are to be derived and defined. Relevant development programmes aimed at the target groups will follow starting in fiscal year 2010/11. Managers are systematically promoted and individually prepared at Aurubis for extended management tasks, projects and international assignments, for which the new secondment guidelines create the necessary framework.

The Aurubis management works in all countries and on all levels, while being strongly oriented to performance and success. This includes compensation in line with a new market-driven international remuneration system and aligns with international market standards. We are thus expecting even stronger motivation for performance and success, making us more attractive as an employer.

Women and men, younger and seasoned employees, national and international specialists and managers work together cooperatively and successfully in the management team. People who are specifically recruited are optimally integrated, completing the increasingly internationally oriented group of managers.

## AURUBIS WILL BECOME THE LEADING INTEGRATED COPPER PRODUCER WORLDWIDE




- We focus on products for growing applications in which the specific properties of copper and copper alloys, especially as regards conductivity, generate added value for our industrial customers in developed countries and emerging markets.
- We supply high grade copper products.
- Our strategy is to utilise our integrated copper production and processing capability in smelting, refining, metal extraction, recycling and copper processing and thus to generate the highest value from different and particularly complex raw materials.

## CORPORATE STRATEGY AND CONTROL

### Group strategy based on an integrated business model and high production and business capabilities

The foundation of our strategy is our copper production and processing expertise in smelting, refining and extractive metallurgy as well as in metal recycling and in the manufacture of copper products. It is used to generate the greatest possible value from a variety of raw materials, especially those with a complex material composition.

Due to our integrated production structure and our excellent production capabilities in primary and secondary copper production, we are in a position to treat a wide range of raw materials and substances in an environmentally friendly fashion and to process all of the essential elements into marketable products. This gives Aurubis a sustainable competitive edge, especially in light of the high metal prices and increasingly stringent requirements for the environmentally sound processing of materials.

In processing, we focus on products for growing sectors that are significant for industrial customers, for which the electrical and thermal conductivity of copper and copper alloys plays a major role. We draw our competitive strength in this field from production expertise in the key areas of smelting and casting, deforming and surface treatment as well as from our service orientation.

Additionally, we benefit from the advantages of being an integrated group positioned throughout Europe, as we have our own cathode supply and full quality control across the entire value added chain.

To add to the continued development of our production expertise, which is the pivotal element in our Group strategy, we are enhancing our excellence in other related areas.

We understand market trends and transfer customers' requirements to products that deliver high added value.

We have a high standard of risk management. In addition to this, we have a high level of expertise in production and process management and continuously develop our capabilities further in order to offer solutions and optimal service to raw material suppliers and product customers. On top of this, we understand market trends and customers' requirements and transfer this know-how to products that deliver high added value.

## Action programme implements corporate strategy

We have drawn up a consistent action programme that we are continuously carrying out with the aim of implementing our strategy and achieving our strategic objectives.

Internal structures were examined for their conformity to the strategy, and procedures and processes in our management systems that were built on these structures were optimised. The new personnel development measures were also accompanied by strategic concerns. Moreover, during the fiscal year we further harmonised the group-wide procedures in accounting and reporting in addition to introducing a company-specific IT solution in Pirdop.

Key competencies were purposefully identified and further developed and operating and investment-related decisions consistently oriented toward strengthening production capabilities. This is reflected not only in our investment guidelines, but also in a uniform project management and the newly launched innovation management.

Aurubis's objective is to become the world's leading integrated copper company combining copper production and processing. In addition, we will exploit the opportunities for continued growth and consolidation in the copper industry. We are therefore considering specifically the smelting, refining, recycling and copper processing sectors in European and non-European growth regions. The advancement of our production competencies and their direct use will play a decisive role in this undertaking.

## Strategically significant investment projects continued

Capacity utilisation at Aurubis in fiscal year 2009/10 initially fluctuated, but then increased afterwards within a short period, accompanied by a progressively better order intake and increasing metal prices. In the course of the economic recovery, measures which had been necessary in the Group due to the economic crisis, such as reduced working hours, were discontinued completely.

### AURUBIS HAS A CONSISTENT ACTION PROGRAMME TO ACHIEVE THE STRATEGIC TARGETS




GROUP MANAGEMENT REPORT CONSOLIDATED FINANCIAL STATEMENTS FURTHER INFORMATION

# 17.5 %

The return on capital employed increased from 8.1 % to 17.5 %.

Despite the external improvements in the market environment, we remained disciplined in expenditure and capital investment. Low-priority investment projects were thus deferred during the fiscal year. On the other hand, we continued with investment projects that support our strategy long-term. Examples include the fluorine tower in Hamburg that was commissioned in 2010, which increases the range of treatable raw materials with increased environmental compatibility, and the modernisation of the slag flotation in Pirdop, which enables further capacity expansions at the site. In BU Recycling the input of composite materials in the Kayser Recycling System (KRS) was improved; in BU Copper Products our product portfolio of highly conductive profiles was increased after the start-up of the new Conform facility in Olen. At the same time we became further specialised at our production site in Switzerland by launching a new product line focusing on smaller profiles.

During the fiscal year the synergy projects still underway from the integration with Cumerio were ultimately transferred to the general project portfolio for continuous improvement. Again we achieved extensive synergy effects with the implemented projects and exceeded our original target figure.

### Sustainability is the foundation of corporate development

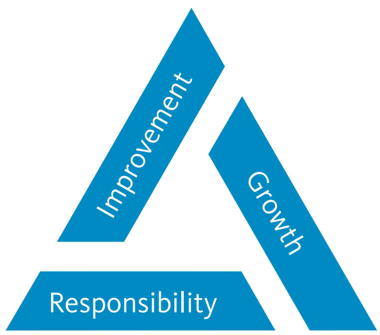
Aurubis's strategy is consistent with the values and principles entrenched in the Group. In addition to growth and improvement, these also include responsibility for customers and products, employees and the community.

We have reflected on, communicated and bindingly adopted the values across the Group, which have been developed in employee working groups at the sites. Performance, Responsibility, Integrity, Mutability and Appreciation, whose first letters spell the German word PRIMA (which means “great!” in English), are Aurubis's corporate values.

We also take responsibility when it comes to the environment. Climate protection is important to us. We corroborate this in many individual measures and a certified comprehensive environmental management system and through self-imposed obligations in environmental protection. With our professionally operated metal recycling, we also preserve natural resources and ensure sustainable development via closed material cycles.

The Sustainability Report, which was presented in 2009 for the Aurubis Group, and the Environmental Report 2010 released in autumn 2010 contain extensive information about our sustainable corporate management.

**RESPONSIBILITY, IMPROVEMENT AND GROWTH ARE THE PILLARS OF OUR STRATEGY**




We take responsibility for customers and products, employees and society as well as for the responsible handling of our environment and the limited natural resources.

With a ROCE of 17.5 % we have again achieved our target corridor.

## Corporate management based on return on capital employed

The main objective of the management control system is to increase the Aurubis Group's corporate value by generating a positive overall contribution to the enterprise as a whole in addition to the costs of capital. The basis of the Company's internal management control system is provided by a uniform evaluation of the operating business and the optimisation and investment plans, using earnings, balance sheet and financing ratios. Aurubis's capital expenditure guidelines and project management establish the uniform presentation and assessment of various projects across Group entities. Qualitative and strategic criteria are considered as well.

One of the main ratios used to determine and compare profitability is ROCE (return on capital employed), which reflects the efficiency with which the capital is utilised in the operating business or to fund investments. ROCE is the ratio of earnings before interest and taxes (EBIT) to average capital employed. The internal rate of return (IRR) and the net present value (NPV) are also used as parameters to assess investment projects.

The Aurubis Group is managed in accordance with the principles of value-oriented management, based on the evaluation of the return on capital employed (ROCE). Capital employed amounted to € 1,633 million as at 30 September 2010, compared with € 1,365 million in the prior year. Based on earnings before interest and taxes (EBIT) of € 286 million, this represents a return on capital employed (ROCE) of 17.5 % for the past fiscal year. EBIT for the prior year amounted to € 111 million, i.e. a return on capital employed of 8.1 %.

**Return on capital employed (ROCE)**

Before revaluation of LIFO inventories

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Equity | 1,083,578 | 934,969 |
| Pension provisions | 74,069 | 71,450 |
| Borrowings | 623,536 | 616,214 |
| Less: cash and cash equivalents | (147,803) | (257,243) |
| **Capital employed as of balance sheet date** | **1,633,380** | **1,365,390** |
| Earnings before taxes (EBT) | 257,542 | 73,475 |
| Net interest expense | 28,004 | 37,373 |
| **Earnings before interest and taxes (EBIT)** | **285,546** | **110,848** |
| Return on capital employed (ROCE) | 17.5 % | 8.1 % |

# BUSINESS PERFORMANCE

For the Aurubis Group, fiscal year 2009/10 was a positive contrast to the previous fiscal year 2008/09, which was influenced by the negative repercussions of the global financial and economic crisis. This was largely the result of the improving economic environment and favourable market trend in the recycling and copper product sectors. Consolidated earnings before taxes (EBT) before revaluation of the LIFO inventories using the average cost method amounted to € 256 million, thus an improvement of € 185 million compared with the prior-year earnings of € 73 million.

## SIGNIFICANT LEGAL AND ECONOMIC FACTORS INFLUENCING THE BUSINESS

### International copper and raw material markets

The developments on the international raw material and copper markets, the economic performance in the industrialised countries and emerging markets and events on the financial and foreign exchange markets have an impact on the Aurubis Group's business. International trade policy and environmentally relevant factors are likewise relevant for the business.

### Copper price, treatment and refining charges, premiums and surcharges

The copper price is formed first and foremost on the London Metal Exchange (LME), which enables physical transactions, hedging transactions and investment business to be carried out. The price formed in its trading business represents a benchmark and is recognised internationally.

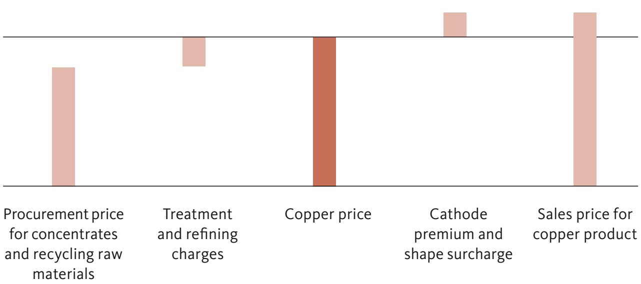
This copper price is the basis of the raw material and product business at Aurubis. As such, it mainly represents only a transitory item when measuring earnings, although it does have an indirect impact on the supply of raw materials and demand behaviour.

The metal extraction in our operations additionally has an effect on earnings, which in terms of value are determined by the metal price. These effects can have an influence in view of the volatility of the copper price.

The treatment and refining charges (TC/RC) are the predominant factor for business success when procuring copper-bearing raw materials. They reflect inter alia the situation on the market and are the remuneration for turning the raw materials into the commodity exchange product, copper cathodes.

In our copper product sales, the metal exchange quotation for copper serves as the basis for calculating the price of copper. Premiums invoiced for quality, price fixation rights and shape surcharges, which are charged for the conversion of cathodes into copper products, are also part of the sales price and represent the key earnings factors in copper product sales.

#### PRICE FORMATION ALONG THE VALUE ADDED CHAIN



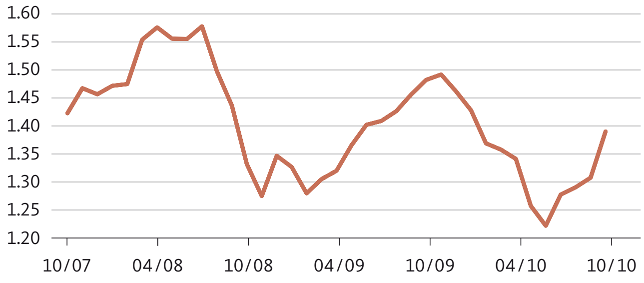
## Exchange rates

Financial accounting and reporting is performed in euros in the Aurubis Group. Part of the business is, however, subject to the effects of fluctuations in the exchange rates. While the recycling business is mainly invoiced in euros, the international concentrate business is based on the US dollar.

We identify exchange rate risks directly and make hedging decisions on this basis. Spot and forward transactions as well as options are used for ongoing hedging.

**PERFORMANCE OF EURO/USD EXCHANGE RATE SINCE OCTOBER 2007**

VÖB Eurofixing, middle rate




## Energy prices

Since the production processes at Aurubis are very energy-intensive, energy consumption and energy prices represent major cost-determining factors. It is therefore an ongoing target throughout the Group to achieve the highest possible energy efficiency.

The electricity prices in fiscal year 2009/10 had a sideways tendency on the market. Industry's reduced demand on account of the economic crisis caused excess capacities for gas, the electrification of which also put pressure on the spot electricity prices.

We have been able to keep the procurement prices for energy overall at just under the prior-year level. Higher electricity grid costs in Germany and extra taxes for the expansion of renewable energy were more than compensated by the strong price reduction in the gas contracts. Furthermore, the electricity price valid as of 1 January 2010 resulting from our agreement with the electricity supplier Vattenfall for the German sites in the Aurubis Group was slightly less than the average prior-year level.

The group-wide annual requirement for electricity totalling about 1.5 TWh and 1 TWh for gas in fiscal year 2009/10 was at about the same level as in the prior year.

A long-term agreement was concluded with Air Liquide for supplying the Hamburg and Lunen sites with oxygen. This will easily cover our increasing demand in the next few years and replace additional purchases of expensive liquid gas.

We have largely avoided negative effects from the constantly rising, state induced additional electricity costs (mainly the Renewable Energy Law, CHP – combined heat and power – and the ecotax) in the last fiscal year by taking advantage of schemes to balance the supply. It is a key issue for us that we retain the use of these schemes and ideally secure them long-term. This is necessary because the price basis for copper is an internationally recognised price on the metal exchanges and it is therefore not possible to pass on local additional costs to the customers.

## Emission trading

The copper sector was classified as an "exposed sector" as regards $CO_2$ on the basis of the EU criteria in the last fiscal year. This means that the decision-makers in Brussels assume that an additional levy of local licensing costs for $CO_2$ in our industry would result in diminished international competitiveness.

The actual organisation of the allocation of free licences for the $CO_2$ quantities emitted in our operations, or compensation for the $CO_2$ costs included in the electricity prices, is however still very vague. We are therefore working on all levels to achieve total exemption from these one-sided additional costs.

For electricity, the energy suppliers already include the full price of $CO_2$ licences in the costs, although they have still received the majority cost-free. Since the EU's directive for compensation should not take effect until 2013, the German government decided to create the required compensation in the meantime via a "Directive to support nonferrous metals", effective as of July 2009. The EU Directorate General for Competition has not agreed to this directive as yet, however.

## ECONOMIC ENVIRONMENT IN GENERAL AND IN THE INDIVIDUAL SECTORS

### Global economy on the road to recovery

The global economy left the recession behind it in fiscal year 2009/10 and started a recovery process. Despite the ongoing global economic risks, optimism increased in view of increased signs of an economic recovery. The unambiguity and speed of the positive trend in the first half of 2010, which saw the global economy expand at an annualised rate of 5.25%, was particularly surprising. Whether this growth can be maintained in the second half of the year remains to be seen. The International Monetary Fund (IMF), however, scaled up its forecast for the year in October 2010 from plus 3.9% at the beginning of the year to plus 4.8%.

The extent of the economic recovery varied greatly depending on the region. While the group of newly industrialised countries became the driver of this positive trend, it was slower in most traditional industrial nations, with significantly lower growth rates. The strongest increase took place in Asia's developed countries with a plus of 9.4%, with China to the fore with 10.5% growth. Latin America also showed high growth in real gross domestic product of plus 7%.

Growth in the USA in 2010 will probably only reach 2.6% on account of the weak domestic demand. The upswing has not taken hold there, similar to the euro-zone.

### German economy has strongest growth in the euro-zone

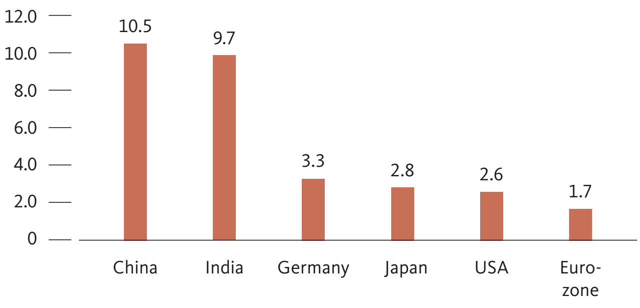
In Europe, high national debt weighs on the mood and only permits a rise of 1.7% for the euro-zone. At the same time, the difference within the monetary union is considerable. While Germany shows the biggest economic growth at plus 3.3%, the other key countries France, Italy, Spain and the Netherlands only achieve growth rates of less than 2%. The positive trend in Germany was attributable not only to the export business, but also investment in equipment and construction as well as domestic consumption.

### Improved basic economic conditions in the industry

The economic upswing in countries with high copper demand has given good overall support to the copper market in the course of fiscal year 2009/10. The demand for copper cathodes and copper products rose sharply in some instances in line with the good economic development.

**EXPECTED GDP GROWTH 2010**

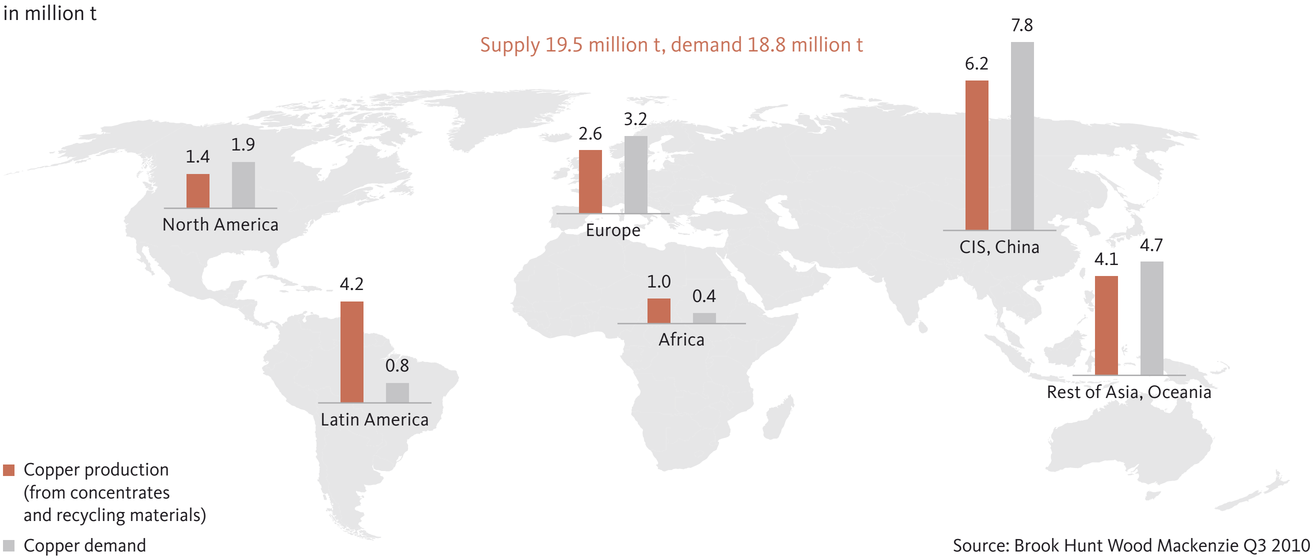
in %




Source: International Monetary Fund, World Economic Outlook, October 2010

## EXPECTED SUPPLY AND DEMAND OF REFINED COPPER IN 2010

in million t




Source: Brook Hunt Wood Mackenzie Q3 2010

In October 2010, the IMF scaled up its forecast of global economic growth for the year to plus 4.8 %.

### Good economic trend in industry ensures high copper demand in Germany

Germany in particular led the way in Europe. In the first eight months of 2010, the order intake in the German electrical engineering industry, which is a major sales market for Aurubis's customers, was 27 % up on the comparable prior-year period. In German machine construction, order receipts rose by 35 % in the same period from a very low level. Production in the automobile industry in Germany increased by 14 % from January to September, and is thus only 5 % down on the record figure of 2008. The European demand for refined copper increased by 11.7 % in the first half of 2010 according to figures from the International Copper Study Group.

### China's copper demand remains an important price factor

In China, the country with the largest copper demand in the world, imports of unwrought copper and copper products totalling 3.3 million tonnes again reached a high level in the first three quarters of 2010, only 1.3 % less than the level of imports in the prior year. In China's case, import intensity is the key indicator for demand there. On top of this, local stocks outside the metal exchanges declined in 2010. The growth rate of Chinese copper demand in 2010 is expected to be more than 10 % overall.

Despite the satisfactory trend in demand, market participants were well prepared for macroeconomic changes on account of the recent economic crisis. The publication of economic or economically relevant data therefore repeatedly caused price volatility for a brief period since changes in demand were derived from them. Uncertainties about the sustainability of China's economic growth and the high national debt in certain European countries also caused price reactions. The fluctuating exchange rate of the US dollar and the activities of institutional investors likewise had an impact on prices.

# US$ 7,036/t

Average copper price at US$ 7,036/t
was 57% higher than in the prior year.

## Copper price in the fiscal year significantly higher than the prior-year level

Overall, the copper price still remained at a high level throughout the year, which is reflected in the average settlement price on the London Metal Exchange (LME). At US$ 7,036/t, this was 57% higher than the average price of the prior year (US$ 4,480/t). The lowest and highest copper prices of the fiscal year were quoted at US$ 5,856/t on 5 October 2009 and US$ 8,053/t on 30 September 2010, respectively.

Global copper production could no longer keep pace with the speed of growth in demand. A production deficit is meanwhile generally expected for 2010. Capacity utilisation at the copper smelters was very low at times, a situation which was exacerbated above all by the low supply of copper concentrates and economically insufficient procurement conditions. Other reasons were inefficiency, a poor energy supply and maintenance standstills. Capacity utilisation in China was apparently only 64% in the first half of 2010, while in North America whole smelter sites were being closed down.

## Copper stocks at the metal exchanges decline again after initial increase

The increasing imbalance between supply and demand resulted in a continuous decline in copper stocks at the metal exchange warehouses in the latter part of the fiscal year, particularly on the London Metal Exchange. After the stocks there had risen from 346,050 tonnes to 555,075 tonnes from the beginning of the fiscal year to mid-February, the trend reversed. At the end of September the LME only had 374,150 tonnes of copper cathodes, most of which were stored in American warehouses and were thus difficult for customers in the high-consumption regions of Asia and Europe to obtain.

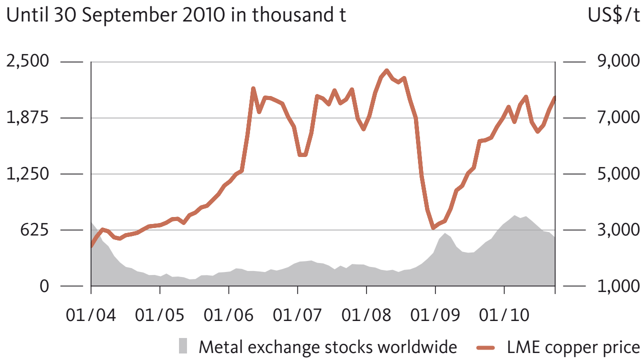
## Copper raw material markets with disparate trends

The copper raw material markets showed a mixed picture in the fiscal year. The concentrate market was characterised by short supply, while the conditions in the spot business and in annual agreements were generally insufficient for the custom smelters. However, this was contrasted by the supply on the copper scrap market. The availability and purchasing conditions ensured good supply possibilities. Increasing copper prices and the improved economic situation caused high quantities to be generated. The difficulties in importing copper scrap due to state regimentation resulted in reduced buying activities of Chinese companies in Europe. The supply of other recycling raw materials was largely satisfactory.

> In the meantime a copper production deficit is generally expected for 2010.

**COPPER PRICE AND COPPER STOCKS OF THE METAL EXCHANGES**

Until 30 September 2010 in thousand t



## PERFORMANCE OF BUSINESS UNIT PRIMARY COPPER

| BU Primary Copper | Before revaluation of LIFO inventories | |
|---|---|---|
| in € million | 2009/10 | 2008/09 |
| Revenues | 5,801 | 4,248 |
| EBT | 141.2 | 14.6 |
| EBIT | 149.9 | 32.3 |
| Capital expenditure * | 71.3 | 48.3 |
| Depreciation and amortisation | 73.3 | 72.2 |
| Average number of employees | 2,143 | 2,083 |

* on tangible assets and property, plant and equipment

The Business Unit **Primary Copper** produces pure copper in cathode form from copper concentrates and blister copper from other smelters. In addition, copper scrap, intermediary products and other recycling materials are treated in order to optimise the process. The treatment and refining charges (TC/RCs) generated represent a main source of earnings for the BU. Its production operations include the smelting and refining facilities at the sites in Hamburg (Germany), Pirdop (Bulgaria) and Olen (Belgium).

### Short supply on the concentrate market

The international market for copper concentrates was characterised by a supply deficit in fiscal year 2009/10. The aforementioned treatment and refining charges for spot deliveries were therefore well below US$ 30 per tonne of concentrates and 3 cents per pound of copper at times.

Certain overseas competitors had to reduce their output substantially due to the market situation. Two smaller smelters in North America were even completely shut down. In contrast, the supply was good on the markets for blister copper and intermediary products from other smelters. The availability of copper scrap and other recycling materials was also satisfactory.

### BU Primary Copper achieves good raw material supply

Due to our long-term procurement policy and the traditionally good relations with our suppliers, we were able to keep the smelting facilities in Hamburg and Pirdop fully supplied with raw materials. However, the treatment and refining charges for copper concentrates were relatively low, whereas the refining charges for blister copper and copper scrap were very satisfactory. In this raw material sector we utilised the advantageous supply situation to attain a significantly higher throughput and increase cathode output.

The demand for sulphuric acid, which is a by-product of concentrate processing, increased considerably in the course of the fiscal year. The chemical industry and the customers in the fertiliser and metal industry (leaching) appeared to have recovered well from the economic crisis. We were able to obtain higher revenues for sulphuric acid as a result. Our inventories thus fell to a very low level in some instances.

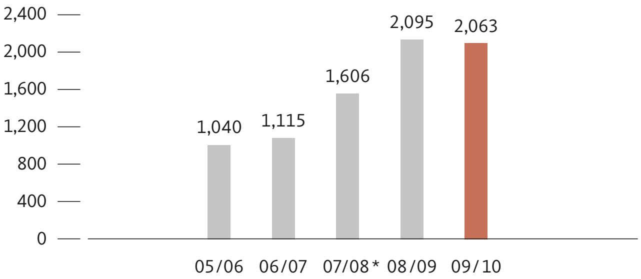
The good raw material supply ensured high capacity utilisation during the entire fiscal year.

### Good raw material supply ensures high capacity utilisation

The overall good supply of raw materials ensured high capacity utilisation of the production facilities for primary copper production during the entire fiscal year. Because of the tight situation in the concentrate market, we utilised the existing flexibility of the smelting processes and treated more copper scrap and other recycling materials. This shift in the raw material mix led to a concentrate throughput totalling 2.1 million tonnes (2.1 million tonnes in the prior year). Accordingly, the sulphuric acid output also amounted to 2.1 million tonnes.

## CONCENTRATE THROUGHPUT

in thousand t




* incl. Pirdop as of 1 March 2008

At the Hamburg site 1.1 million tonnes (1.1 million tonnes in the prior year) of copper concentrates were processed in the fiscal year, while the smelter in Pirdop put through 1.0 million tonnes (1.0 million tonnes in the prior year) of copper concentrates.

The anode supply of the Business Unit's tankhouses was almost completely covered in the fiscal year 2009/10. Only a short-term undersupply resulted from damage to one of the anode furnaces in Hamburg, which was quickly repaired.

BU Primary Copper could significantly improve its results year-on-year.

The BU's cathode output increased again, reaching a new record high of 932,000 tonnes (889,000 tonnes in the prior year). While the tankhouse in Hamburg produced only 364,000 tonnes (374,000 tonnes in the prior year) of copper cathodes due to scheduled technical modifications, the good prior-year figures were exceeded in the tankhouses in Olen, with an output of 347,000 tonnes (322,000 tonnes in the prior year), and Pirdop, with an output of 220,000 tonnes (193,000 tonnes in the prior year).

Since the smelting facilities in primary copper production can produce anodes for all the other Group sites, we are in a position to utilise this flexibly and to supply other tankhouses in the Group. During the fiscal year we thus used the surpluses from anode production in BU Primary Copper to supply the tankhouse in Lunen, which is organisationally assigned to BU Recycling/Precious Metals.

### Substantial improvement in earnings in BU Primary Copper

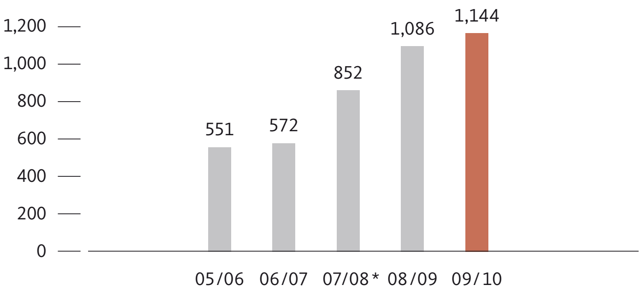
Compared to the weak earnings of the prior year, earnings in BU Primary Copper improved considerably as a result of the brighter global economic situation. The recovery of the sulphuric acid market led to substantially higher demand. The refining charges for copper scrap also showed a favourable trend. Production output at the Business Unit's sites increased once again compared to the prior year.

BU Primary Copper achieved earnings before interest and taxes (EBIT) before revaluation of the LIFO inventories using the average cost method in the amount of € 150 million in the fiscal year, an improvement of € 118 million or 364 % year-on-year. The revenues generated in fiscal year 2009/10 increased by € 1,553 million to a total of € 5,801 million.

The BU had an average of 2,143 employees during the fiscal year.

## CATHODE OUTPUT IN THE GROUP

in thousand t




* incl. Olen and Pirdop as of 1 March 2008

## PERFORMANCE OF BUSINESS UNIT RECYCLING / PRECIOUS METALS

| BU Recycling / Precious Metals in € million | Before revaluation of LIFO inventories 2009/10 | 2008/09 |
|---|---|---|
| Revenues | 3,400 | 1,957 |
| EBT | 49.4 | 34.8 |
| EBIT | 59.3 | 41.6 |
| Capital expenditure * | 47.4 | 42.2 |
| Depreciation and amortisation | 14.1 | 12.8 |
| Average number of employees | 999 | 953 |

* on tangible assets and property, plant and equipment

The core activity of the Business Unit **Recycling / Precious Metals** is the production of copper cathodes from a wide range of recycling raw materials. Recycling is performed in the Group at various locations, especially at the recycling centre in Lunen, Westphalia. In addition to copper scrap, increasing quantities of a variety of complex recycling raw materials, such as electronic scrap, are processed here using environmentally friendly and innovative technologies.

We always ensured that our plants were sufficiently supplied with copper scrap despite higher demand.

Further subsidiaries and affiliates, such as Elektro-Recycling NORD GmbH (E.R.N., 70 % investment) and CABLO Metall-Recycling & Handel GmbH, are engaged in commodity trading and the preparation of raw materials. We also produce the by-metals contained in the copper raw materials in BU Recycling / Precious Metals. These include above all gold, silver and platinum group metals, and also lead, tin and nickel products and other by-elements.

The business performance in BU Recycling / Precious Metals is mainly dependent on the availability of metal-bearing recycling raw materials and is thus directly exposed to the fluctuations on the copper and scrap markets and to the developments in other metal and precious metal markets. The economic trend also plays an important role, since it is decisive for industrial output and therefore the volume of production residues. We also generate additional contributions to earnings through our multi-metal recycling, i.e. the recycling of as much of the valuable metal content in raw materials as possible.

### Stable copper scrap generation

The past fiscal year 2009/10 was characterised by a stable copper scrap supply in Europe. Continued economic recovery in 2010 and the rising quotations for copper led to a higher generation of copper scrap, especially in our core Central European market. At the same time, the purchasing activities of Chinese buyers were limited during long stretches of the fiscal year. Aside from reduced copper scrap demand, the more stringent import regulations for scrap sent to China and the Chinese authorities' subsequent intensified controls were effective. The low and, at times, negative price difference between the London Metal Exchange and the Shanghai Futures Exchange prevented material flows from being drawn into China. The result was an additional material supply for European processors, which more than made up for rising demand for copper scrap from other European smelters.

In this market environment it was possible for us to cover the Aurubis plants' increased copper scrap demand completely at good conditions over the course of the fiscal year.

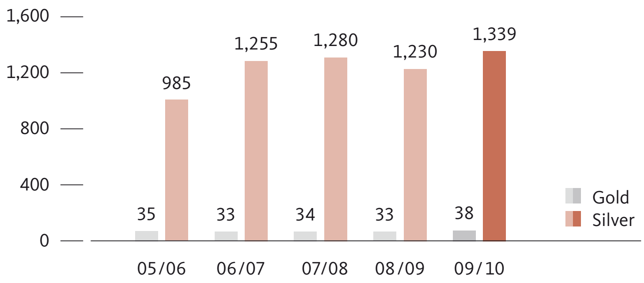
The refining charges returned to an overall favourable level as a result of the stable material supply, which is still continuing unchanged. There is no appreciable competitive pressure from non-European, especially Chinese, buyers.

# 232,500 t

The throughput of recycling raw materials in the KRS again achieved a record figure at 232,500 tonnes.

**GOLD AND SILVER OUTPUT**

in t




## Good availability of complex recycling raw materials

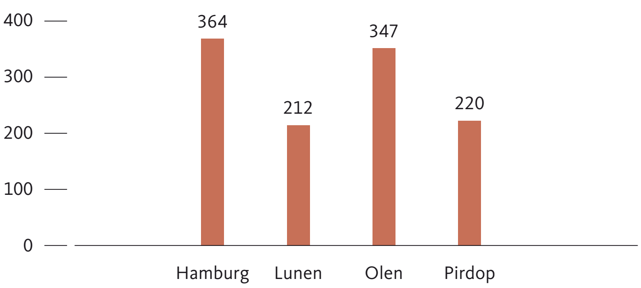
In addition to copper scrap processing, the recycling of complex secondary raw materials that generally contain low amounts of copper is an important component of our recycling business, especially at our Lunen plant. Typical materials include electrical and electronic scrap and the most varied industrial residues. Aside from copper, these materials often contain other metals or precious metals that we extract with the help of our physical and metallurgical process technologies within the different processes in an environmentally friendly manner.

The market for complex recycling raw materials is distinguished by lower volatility compared to the copper scrap market, as the material value is less strongly influenced by the copper price due to the metal contents and more complex processing. The number of competitors and their processing options are significantly more limited than those for copper scrap.

Over the last few years we have increasingly focused on and oriented our capital expenditure toward this range of materials. In the past fiscal year this put us in a position to secure the supply for the available plant capacities in the Lunen recycling centre completely and under good conditions. Our main supply markets were again in Germany and neighbouring European countries; the part from non-European supplier countries was nevertheless increased at the same time.

**CATHODE OUTPUT BY SITES**

in thousand t, fiscal year 2009/10




## Recycling capacities fully utilised

The processing capacities of the Aurubis plant in Lunen were fully utilised. The material throughput in the Kayser Recycling System (KRS) again reached a new record high of 232,500 tonnes (225,000 tonnes in the prior year). The processing of copper scrap in the connected anode furnace also led to a high own anode output. For the first time, 212,000 tonnes of cathodes were produced in the Lunen tankhouse. We therefore exceeded the prior-year quantity by 8%.

## Precious metal-bearing raw materials in good supply

On the basis of the good supply situation and high plant utilisation, we attained new production highs of 1,339 tonnes of silver and 38 tonnes of gold.

## BU Recycling/Precious Metals benefits from positive trend and generates good earnings

Earnings in BU Recycling/Precious Metals increased again year-on-year and amounted to € 59.3 million before interest and taxes (EBIT) before the revaluation of LIFO inventories using the average cost method, representing an improvement of € 17.7 million. This rise is attributable to the good state of the raw material markets and at the same time high plant availability.

Revenues reached € 3,400 million in the BU (€ 1,957 million in the prior year), mainly due to higher metal prices.

The average number of employees in the BU amounted to 999.

## PERFORMANCE OF BUSINESS UNIT COPPER PRODUCTS

| BU Copper Products<br>in € million | Before revaluation of LIFO inventories<br>2009/10 | 2008/09 |
|---|---|---|
| Revenues | 6,195 | 3,644 |
| EBT | 71.0 | 30.9 |
| EBIT | 80.5 | 44.0 |
| Capital expenditure * | 20.4 | 21.0 |
| Depreciation and amortisation | 18.3 | 20.1 |
| Average number of employees | 1,612 | 1,679 |

* on tangible assets and property, plant and equipment

The Business Unit **Copper Products** produces and markets top quality copper products using the copper cathodes produced in the Group as well as high-grade bought-in cathodes. We are the European market leader in almost all our product markets.

Our most important product is continuous cast copper wire rod, (AURUBIS ROD) which is characterised by the highest electrical conductivity, the best workability and excellent surfaces. Rod is the most important starting material for the cable and wire industry. BU Copper Products has four modern rod plants located in Hamburg (Germany), Olen (Belgium), Avellino (Italy) and Emmerich (Germany). The rod plant in Emmerich is operated by Deutsche Giessdraht GmbH, in which Aurubis holds a 60 % investment. Furthermore, we produce oxygen-free and low alloyed wire rod in Olen for special applications.

In addition, continuous cast shapes (AURUBIS SHAPES) are manufactured in Hamburg as the starting product for semi-finished product (semis) fabricators and tube rolling mills. We have been a leading supplier of these for years, when large cast shapes, special alloys and specialty products of the highest quality are required.

In the downstream production stages, we produce pre-rolled strip in Stolberg (Schwermetall Halbzeugwerk GmbH; 50 % Aurubis) and strips made from copper and copper alloys (Aurubis Stolberg), for which the continuous cast shapes produced in Hamburg are mainly processed. At the same time, brass shaped wires are also produced in Stolberg for the electrical industry. Copper profiles are produced by Aurubis Switzerland in Yverdon-les-Bains and, since 2010, by Aurubis Belgium in Olen.

Shape surcharges are paid on the market for the production of copper products which are added to the copper-based price and represent the major part of the revenues of BU Copper Products.

Increased unit sales and a high-value product portfolio resulted in substantially higher earnings in BU Copper Products.

### Copper product markets benefit from upswing

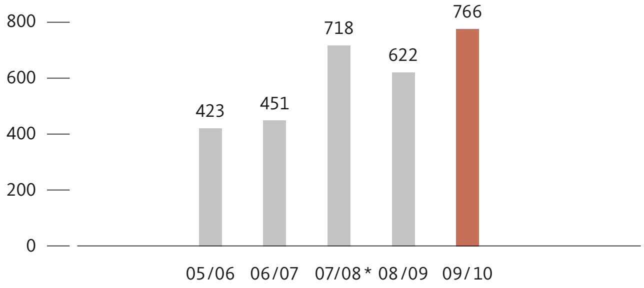
In the course of economic recovery, the markets for copper products developed considerably better overall than anticipated a year ago.

Domestic demand increased significantly again in the metropolitan areas of Germany, Italy and France. In other European countries like Greece and Spain, on the other hand, the long-term effects of the crisis could still be felt. Overseas exports benefited from the – at times – weaker euro and the firmer yen.

As regards product groups, the markets for rod and shapes in particular experienced positive demand momentum. The pre-crisis level was nearly reached again at times. The semi-finished product markets for strips, sheets and tubes accelerated again after the slump at the beginning of 2009 and grew dynamically, particularly in spring 2010.

## WIRE ROD OUTPUT

in thousand t




* incl. the wire rod production of Olen and Avellino as of 1 March 2008

From an industry perspective, the automotive, enamelled wire production for white and brown commodities and mechanical engineering sectors, in particular, had a significantly higher demand for copper products. The demand from communication and special cable fabricators also rose perceptibly. The energy sector and the installation cable industry followed suit somewhat less dynamically, but were also less strongly hit during the crisis due to structural factors. The construction industry with its demand for installation pipes and roofing copper continued to develop steadily.

Overall, there is substantial and wide support for the current upswing in the copper product markets.

### Rod business nearly reaches pre-crisis level

The new fiscal year initially began with a slightly increasing demand for the most important Aurubis copper product. In January 2010 the crisis was finally history as a result of significantly rising AURUBIS ROD sales. Our long-term customer orientation, our production lines positioned across Europe and our rod products, which are tailored to market requirements, have substantially contributed to this. In order to supply our customers reliably and on time, the utmost flexibility was required for the increased business in the midst of continuing low inventories across the value added chain and persistently high copper prices. Our consistent strategic orientation allowed us above-average participation in the upswing together with our key customers.

Our four production lines were well utilised, with an output of 766,000 tonnes in the fiscal year, which represents growth of about 23 % as compared to the prior year (622,000 tonnes). Additional shifts were occasionally necessary to cover the demand. Furthermore, we produced 5,200 tonnes of special products in Avellino.

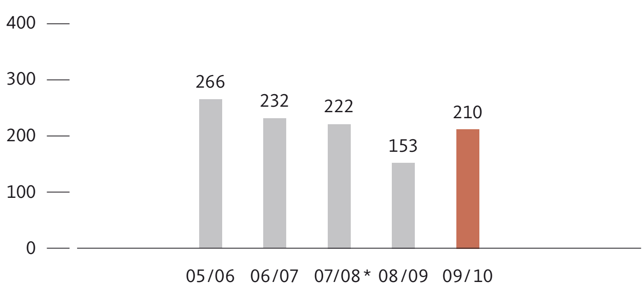
Overall, Aurubis marketed 759,000 tonnes of rod in the past fiscal year, a 22 % increase as compared to prior year sales (624,000 tonnes). In the process we increased revenues in the rod business due to our constant orientation toward high-value products.

### Strong growth in sales of shapes

Aurubis significantly increased its production and its sales of shapes in the past fiscal year. As a supplier to the major integrated semis fabricators that have their own foundries, we were able to participate to an above-average extent in the upswing as a flexible custom foundry. Our focus on highly conductive quality products and specialties proved its worth yet again, further strengthening our position. The occasionally weaker euro also improved our international competitive situation. We subsequently increased our direct exports. At the same time, it became easier for our customers to export overseas, which led them to call forward higher quantities of shapes from Aurubis.

## CONTINUOUS CAST SHAPE OUTPUT

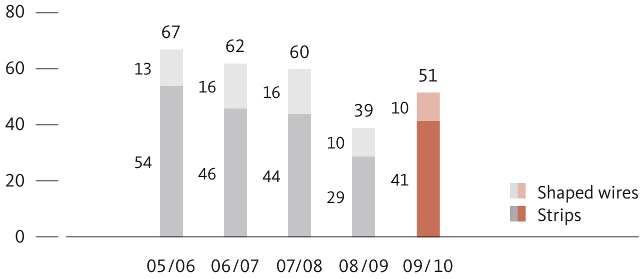
in thousand t




* incl. Olen as of 1 March 2008

**COPPER STRIPS AND SHAPED WIRES**

in thousand t




## The trend toward high-value products was continued in strip and wire production.

In the annual comparison the sales of shapes rose by 32 % to a total of 209,000 tonnes (159,000 tonnes in the prior year). Production climbed from 153,000 tonnes in the prior year to 210,000 tonnes, a 37 % increase.

### Stronger demand for strips and drawn products again

The strip and special wire business recovered considerably during the past fiscal year. There was strong demand for strips from higher grade alloys from the automobile industry starting at the beginning of the year, and the electronic and electrical industry followed suit. The good order inflow continued into the summer and only weakened towards the end of the year, as the customers' warehouses had been refilled in the meantime, eliminating the restocking effect. The slitting centres Aurubis UK and Aurubis Slovakia were very well booked throughout the whole year and were largely able to avoid the generally more negative trend in the business environment.

Short-time working ended in the spring in all but a few sectors at Aurubis and was completely phased out before the summer holidays. Some employees were relocated internally to adjust the capacities to new market conditions. Our long-term programme for reducing costs, optimising our portfolio and increasing revenues in growing markets was successfully continued. The first positive effects of it have already been recognised in the results.

Aurubis Stolberg produced 51,000 tonnes of strips and drawn products in the past fiscal year, 12,000 tonnes or 31 % more than in the prior year. Strip production rose from 29,000 tonnes to 41,000 tonnes, or 41 %. Wire production remained almost constant at 10,000 tonnes. Both sectors continued the tendency toward higher value alloys and substantially increased their margins.

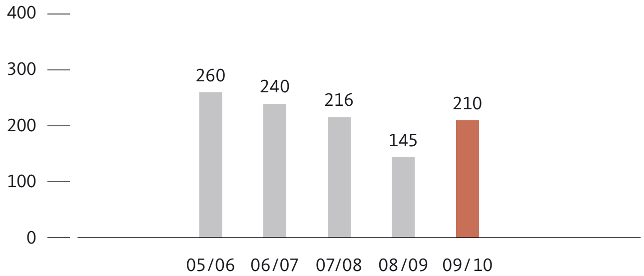
In the wire sector, sales of thinner high-quality wire increased. Aurubis Stolberg introduced BlueBrass® to test customers for the first time during the past fiscal year. This lead-free, machinable alloy fulfils the requirements of the EU Restriction of Hazardous Substances Directive (RoHS) and the EU End of Life Vehicles Directive (ELV). In the strip sector, the product range was expanded by additional special alloys. The good quality of the hot-dip tinning in particular had a positive effect on demand.

### Sales of pre-rolled strip increased by 44 %

In fiscal year 2009/10 Schwermetall Halbzeugwerk marketed a total quantity of 209,000 tonnes of strip products made of copper and copper alloys. The prior-year quantity was thereby exceeded by 64,000 tonnes, or 44 %.

**PRE-ROLLED STRIP OUTPUT ***

in thousand t




* incl. Wieland Werke AG's 50 % share

# 70 %

Improved business performance and the higher copper price resulted in a 70 % increase in revenues in BU Copper Products.

As early as the beginning of the fiscal year, demand revived considerably, continuing into the following months. The whole semis industry was affected by this positive development. The core markets in particular registered constantly increasing growth. A significant increase in sales of the classic materials of copper and brass was also evident in the fiscal year. Because of the high capacity utilisation, the short-term working that was introduced in the previous year ceased in all departments in November 2009.

> At Schwermetall, the short-time working introduced in the prior year was discontinued in all departments.

### High capital expenditure for expansion of bar and profile production

The special copper profiles, which had previously only been produced at Aurubis Switzerland, have now been produced at Aurubis Belgium since March 2010. The volume of capital expenditure for the new Conform platform in Olen amounted to about € 10 million altogether, of which € 5 million was allocated to the past fiscal year. At the same time as this project, production capacities in Yverdon-les-Bains were increased and the product range was extended. The € 5 million used for this (of which € 2.6 million in fiscal year 2009/10) were invested in an expansion of the production hall, a new Conform facility and cold-forming facilities. The execution of these investment projects and the training and knowledge transfer from Aurubis Switzerland to Aurubis Belgium dominated activities during the past fiscal year.

In April 2010 the special copper profiles of the two Conform platforms, together with the vertically cast oxygen-free wire rod, were integrated into the new “Bars and Profiles” business line.

A total of about 7,020 tonnes of bars and profiles were produced in the business line in fiscal year 2009/10, of which about 5,460 tonnes were produced in Yverdon-les-Bains, an increase of 18 % as compared to the prior-year period. On the basis of this improved economic environment, incoming orders rose by 49 % since June 2010, compared to the prior year. This had a positive impact on the orders on hand, which amounted to 1,420 tonnes at the end of September 2010.

### BU Copper Products achieves good result

The positive business performance is apparent in the strong increase in the earnings of BU Copper Products, which is primarily due to higher unit sales and an overall higher-value product range. Altogether, the BU’s earnings before interest and taxes (EBIT), before the revaluation of LIFO inventories using the average cost method, amounted to € 80.5 million, an increase of € 36.5 million (+ 83 %) compared to the prior year.

The BU’s revenues totalled € 6,195 million, an increase of € 2,551 million as compared to the prior year. This growth is driven by the higher copper price as well as the improved business performance.

The BU had an average of 1,612 employees.

## RESEARCH AND DEVELOPMENT

Innovative strength and research and development (R&D) are basic essentials at Aurubis for improving competitiveness. Both are oriented toward our corporate strategy and make a contribution to enhancing the production competencies at Aurubis. We focus on five areas of action:

» Efficiency increase for long-term growth
» Increasing flexibility in processing complex raw materials
» Diversification in the extraction of by-metals
» (Further) development of copper-based products, services and technologies
» Innovative methods and processes

### Innovation management set up

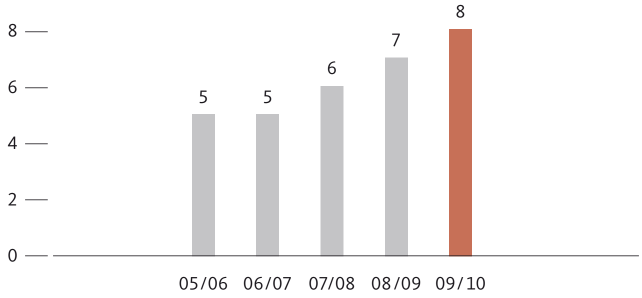
We understand innovation as the implementation of ideas for processes, products, services and business models which have not existed in the Group up to now and represent value added for us and our business partners. Openness to new ideas, unconventional solutions and the inclusion of all employees form the basis for innovation power at Aurubis.

In fiscal year 2009/10 a Group innovation manager and local innovation managers at five production sites were appointed, some of whom had assumed responsibility for other plants. Together with representatives from the HR, strategy, PME (Project Management Excellence) and R&D sectors, they form the Aurubis Innovation Team (AIT), which reports directly to the Chief Executive Officer.

Our innovation management system complements the still existing company suggestion scheme and particularly encourages ideas with innovative power. A clearly structured process that is binding for everyone ensures that the submitted suggestions are treated equally and transparently. The joint administration of innovation and the company suggestion scheme also ensures that ideas are generated and evaluated in an optimal manner.

**R&D EXPENDITURE**

in € million




When launching innovative processes, we considered it of utmost importance that the employees were kept informed throughout the Group. With this in mind, ten events were held at five sites to provide briefings on system principles. Particular attention was paid to the presentation and direct application of creativity methods. The first concrete results from this and the positive feedback from the participants indicate that good progress can be expected.

The topic is becoming increasingly dynamic since it provides the opportunity to emphasise innovation in the management's individual agreed targets.

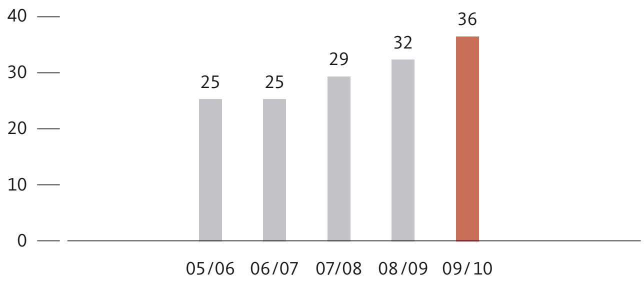
### Increased R&D expenditure and investments

In fiscal year 2009/10 we also carried out a number of research and development projects. The expenditure for R&D amounted to € 8.4 million (€ 6.7 million in the prior year) including expenditure for the CIS solar cell project. Most of the expenditure was allocated to project improvement, with a higher allocation to product and process development.

Increased requirements in the growing Group and project diversity necessitated an enlargement of the R&D team during the past fiscal year. On 30 September 2010 it was made up of 36 employees (32 in the prior year), 17 of whom had qualifications in engineering or natural sciences. In the current fiscal year, we will continue to train highly qualified young people during their employment in the R&D sector for a future position within the Group.

**R&D EMPLOYEES**

Number




## Flexibility in the processing of complex raw materials leads to competitive advantages

One project focus for the BUs Primary Copper and Recycling/Precious Metals was to improve the metal yield by reducing losses of valuable metals. In this area we carried out intensive tests to optimise slag treatment by using an innovative process. Some of this work comes under a research project being carried out by Aurubis, a university and another industry partner on increasing efficiency, which is sponsored by the Federal Ministry of Education and Research (BMBF).

Projects for the enhancement of flexibility in the processing of complex primary and secondary raw materials constitute another key focus of our work. For example, during the course of the fiscal year we commissioned a plant for fluorine removal in our off-gas treatment. We developed the underlying process. During operation the plant fulfils all required values and also makes an important contribution to the strategic focus on the processing of more complex raw materials, with the option of processing fluorine-containing concentrates.

The aim was not only to reduce the influence of undesirable by-elements in the copper production processes. The controlled extraction of additional metals and the optimisation of process management to reduce throughput times, and thus the working capital, were equally important.

## Innovative copper products create added value for our customers

For the BU Copper Products we developed new, innovative products and optimised existing ones, in some cases in close collaboration with our customers. There was also close contact to the sales, production, product technology and quality management departments for the determination and defining of the product requirements.

One focus continued to be on developing and optimising low-alloyed copper alloys for the electrical and electronic industries as well as for the automotive industry. Solutions for semi-finished products in the form of wire and strip tailored to customer needs were specially developed in numerous projects. We also achieved the frequently required strip surface coating for new alloys, for instance by hot-dip tinning, which has gained a high level of recognition in the market.

The industry's demand for a lead-free, easily machinable and cost-effective brass alloy was met by the development of BlueBrass®42, the first alloy of the BlueBrass® family. The alloy fulfils the current EU norms RoHS (Restriction of Hazardous Substances Directive) and ELV (End of Life Vehicles Directive) with regard to its composition. We are presently in the trial phase for the manufacture of lead-free machinable parts from the new alloy at various customers. The special feature of this alloy is its good machinability and very good workability.

## Solar cell project is still pursued

Together with Cordes & Graefe KG (Bremen), Aurubis is developing flexible solar modules for generating energy in accordance with a self-devised process using copper as a basis. The joint subsidiary CIS Solartechnik GmbH & Co. KG, in which each partner has a 50% stake, was established for organisational purposes. It is concerned with long-term development, oriented to the fast-growing future market of renewable energies. The project's aim is to develop the innovative process technology on a pilot scale, the batch production of CIS solar modules suitable for the market and an attractive technical and cost-effective concept for future solar module production.

After having finalised the initial capital expenditure on the pilot line in fiscal year 2008/09, we invested about € 50,000 in technical optimisation in fiscal year 2009/10. Additional major capital expenditure on the pilot line has not been planned as yet.

Most of the project schedule has been successfully completed in the meantime. The efficiency rate of the solar cells manufactured in the pilot line achieved our original target, but is still below the laboratory standard. Product development is also very advanced. CIS solar modules have been tested in a field trial since spring 2010, which has shown that the process and the product can be realised from a technical standpoint.

Despite this, the development phase has still not been completed yet and will be continued in fiscal year 2010/11 with a higher set target. The solar cells' efficiency rate of about 8%, which has been achieved in the pilot line so far, and the production yield are not sufficient from the current perspective. Serial production of CIS solar modules planned on the basis of pilot line results thus far would not fulfil the economic targets, mainly due to the unexpected strong price decline of all solar modules since 2009 as well as the consolidation in the industry. Further steps mainly depend on the next project results in the pilot line. Laboratory results to date indicate that the pilot line has potential for improvement to enable it to reflect economic feasibility in the medium term.

## HUMAN RESOURCES

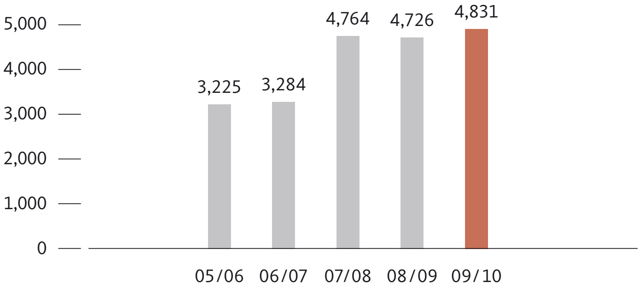
A total of 4,800 people work in the Aurubis Group in Europe (4,831 employees as at 30 September 2010), of whom 70% are employed at German sites and 30% in other European countries. Every single one contributes to the success of the Group with his ideas and personal commitment.

### Personnel strategy and management even more innovative

HR (Human Resources) Corporate and the local HR departments in the countries continued to implement the international personnel strategy, which is derived from the corporate strategy. This was reflected inter alia in the development of modern personnel instruments, in management development and in the introduction of leadership guidelines.

**AURUBIS GROUP EMPLOYEES**

Number as at 30 September




| Personnel structure by countries in the Aurubis Group | 30.9.2010 |
|---|---|
| Germany | 3,383 |
| Bulgaria | 791 |
| Belgium | 467 |
| Italy | 111 |
| Switzerland | 41 |
| England | 26 |
| Slovakia | 10 |
| Turkey | 2 |

# 1,647 employees

A total of 1,647 employees at the German sites took advantage of the offer to acquire Aurubis shares at a discount.

These leadership guidelines were adopted by the Group managers mid 2010 and form the basis of target-oriented and successful management. They are based on the four pillars “Acting entrepreneurially”, “Building trust”, “Creating opportunities” and “Enabling success”.

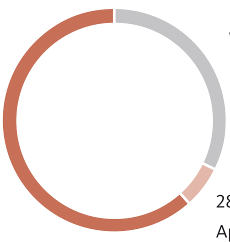
The Group managers are faced with constantly increasing challenges and must positively support the issue of organisational change in particular and make it reality in their daily routine. In order to meet these challenges, we are offering a Management Development Programme with the objective of establishing a uniform understanding of leadership roles across all management levels. The new Leadership Programme encompasses three main focuses:

- two new development programmes for top management and middle management,
- Aurubis lounges, which include for instance impulse workshops on the topics of time, the working environment of the future and feedback culture, and
- practical workshops on topics, such as targeted applicant selection, integrated project management and business competencies.

As a result of the Group’s increasing internationality, most of the programme offerings are held in English.

**AURUBIS GROUP PERSONNEL STRUCTURE**

Number as at 30 September 2010: 4,831 (4,726 in the prior year)




Our Management Development Programme helps to establish a uniform understanding of leadership roles across all management levels.

A programme to bring out the potential in the Group’s younger employees is currently being developed and is scheduled to start in 2011. The basic idea behind this is to identify qualified candidates from various divisions at all Aurubis Group sites in a multi-stage nomination and selection procedure. Lectures, active learning, reflection, team-oriented exercises and relevant project work are the central components of this programme.

### New management salary system

A new salary system for Aurubis management (in Germany: senior staff) was introduced on 1 October 2010. The differing salary and bonus systems at the former Cumerio and the former Norddeutsche Affinerie were completely revised and carried over into a new, transparent salary system, taking the continuity with the new Executive Board compensation system into account. This is based on an analytical job evaluation that was carried out for the management. Clearly defined income brackets and a target bonus model with defined levels of performance measurement and weighting allow managers to assess how the Group must perform on a Group level, Business Unit level and individual level to attain corresponding target bonuses. The system is assessed internationally in regular intervals for its competitiveness and attractiveness. The overall system is accompanied by a new target agreement and performance assessment process.

### Employee profit-sharing

Our employees participate in Aurubis's success. Performance and success-oriented compensation is a fundamental element of the Aurubis Group's remuneration system. Motivated and performance-oriented employees make a decisive contribution to the Company's success and value. The performance of the individual is always assessed in connection with the performance of the team, the department or the production sector. At the same time, the individual performance and collective team performance complement each other.

### Employee shares again in high demand

Staff at the German locations were again given the opportunity during the past fiscal year to acquire shares in Aurubis AG at a discount. Numerous employees once again took advantage of this offer: 1,647 employees (1,990 employees in the prior year) acquired a total of 31,150 shares (39,740 in the prior year).

Vocational training also focused this year on occupational safety and language skills.

### Incentive plan continued

In 2004, we initiated an incentive plan, which provides a capital market oriented compensation component for the Executive Board, management and non-tariff employees in the form of a virtual stock option plan.

The exercise period of the plan's fourth tranche started in spring 2010. This compensation element enables the aforementioned employees to participate in the Company's success if Aurubis shares perform well and fulfil the defined benchmarks. The prerequisite for participation is that executives own a certain number of Aurubis shares, depending on their seniority.

Since Aurubis shares outperformed the CDAX for this tranche as well, the participants exercised a total of 411,850 options between March and September 2010 and therefore received a special bonus of € 6.5 million as part of the fourth tranche of the incentive plan. The seventh and last tranche of the plan was issued in March 2010. Since the new Executive Board compensation system does not include this component, it will also be phased out for management and non-tariff employees.

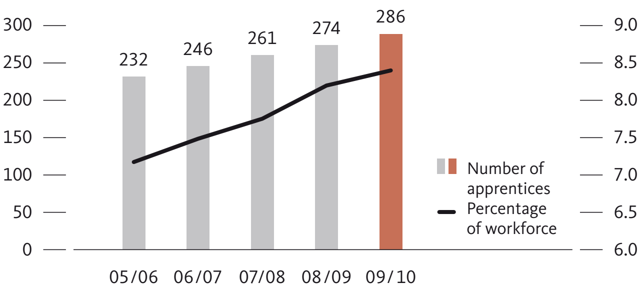
### Finding talented successors for our specialists and managers

The fourth Technical University Day took place in Hamburg for the fourth time on 17 February 2010 with the aim of keeping well qualified employees and talented youngsters in the engineering professions. The objective of this event was to introduce young people to the engineering profession, to reduce their misgivings about technical degree courses and to instil them with enthusiasm for technical studies. Together with our partner universities in Hamburg, Leoben, Aachen, Freiberg and Clausthal-Zellerfeld, we were able to welcome about 700 school-leavers from the greater Hamburg area. The students were able to learn about future prospects in the engineering field and connected career opportunities in the Aurubis Group from information boards and in discussion panels with Aurubis employees and professors from the partner universities.

### Securing the future by vocational training

The importance of training for us is evident in the number of apprenticeships in the Aurubis Group, which has increased yet again. The number of apprenticeships at the German sites was raised by 12. As of the balance sheet date, 286 young people were in apprenticeships in one of the 18 trades and professions in the Group. This represents about 8.4 % of the workforce at the German sites. In Hamburg 65 new apprentices and 12 trainees from the "9-Plus" project began their training at the beginning of September. This year the young people were welcomed by Hamburg's newly elected mayor, Mr Christoph Ahlhaus.

AURUBIS GROUP APPRENTICES AND THEIR PERCENTAGE OF THE WORKFORCE




The percentage of 8.4 % of apprentices at the German sites is a reflection of the great importance attributed to vocational training at Aurubis.

## Increasing employees' qualifications by further training

The training of our employees represents a central element of our HR policies. More than 2,675 employees participated in seminars and courses in the reporting period to acquire additional knowledge and skills appropriate to their jobs. The time spent on vocational training measures amounted to about 33,035 hours. The main focus again this year was occupational safety and foreign language skills.

## Working life and demography tariff agreement / appropriation of demography amount

The parties to the valid collective agreement for the employees at the Hamburg and Lunen sites agreed that a demography amount would be made available to Aurubis employees every year. Employees entitled to this demography amount choose between applying it to the pension fund issued by the chemical union or to the new Aurubis lifetime working-hour accounts. The lifetime working-hour accounts were defined in a general group agreement that is valid at nearly all the Group's German sites. Of the 2,087 eligible employees in Hamburg and Lunen, 1,880 submitted a declaration. Of this number, 65.4 % of the employees chose to put the amount in the pension fund, while 34.6 % chose the new long-term account.

## Strengthening health protection by introducing an external Employee Assistance Programme (EAP)

On 1 October 2010, we made an external, independent telephone hotline available at the Hamburg and Lunen sites to offer our employees at these locations assistance with job-related or personal problems. A 5-year contract was concluded with an experienced external service provider. Employees who take advantage of this offer receive counselling that ensures full anonymity and confidentiality in handling the problem. Employees can access the hotline 24 hours a day. The Employee Assistance Programme (EAP) contributes to health promotion at Aurubis in a unique way, offering employees and their families the opportunity to prevent or confront stress situations and emergencies.

## Number of accidents significantly below industry average

The number of accidents at Aurubis Hamburg decreased slightly during the past fiscal year. With 5.8 notifiable accidents per million working hours, Aurubis AG is a leader in the industry and also has a considerably lower accident rate than the average of the relevant employers' liability insurance association of the raw material and chemical industry. In May this year, the Hamburg plant was commended for its exemplary occupational safety system as part of the certification process by the Occupational Safety Agency.

We have started a group-wide health promotion programme, which should make a further contribution to accident reduction in the Group as a whole.

## Social responsibility

On 24 August 2010 Aurubis Hamburg was awarded the Responsible Care Prize 2010 by the Chemical Industry Association North (VCI Nord) for its successful commitment to the integration of students with an immigrant background, specifically the "9-Plus" further education and training programme.

This project has been carried out since 2007 together with the Slomanstieg School in Hamburg Veddel and the Hamburg School Authority. The aim of the project is to give school-leavers, who have completed their schooling but not found an apprenticeship, a year's extra vocational training to prepare them for the demands of an apprenticeship. The students are trained three days a week in different aspects of trades at Aurubis and attend school on the other two days. Aurubis's pioneering work has already paid off, as more than 80 % of the "9-Plus" trainees have subsequently become apprentices at the Hamburg site. In addition, other companies in Hamburg are meanwhile participating in the project.

### Workshops communicating Aurubis's PRIMA values

A total of 81 value workshops on Aurubis's PRIMA (German for "Great!") values took place with 833 managers at all the Aurubis sites:

- P Performance
- R Responsibility
- I Integrity
- M Mutability
- A Appreciation

The objective was to communicate and implement the new PRIMA values. Country-specific action plans were drawn from analyses of strengths and weaknesses. The findings gained in the workshops are being integrated in the employees' daily work.

The participants rated the values workshops very positively overall, an indication that our employees identify with the corporate values.

### Thanks from the Executive Board

In fiscal year 2009/10 all employees contributed to Aurubis Group's success with their hard work and great dedication. We would like to thank them most sincerely. Our thanks also go to the employees' representatives for the continued constructive and trusting cooperation.

## ENVIRONMENTAL PROTECTION

In our corporate guidelines we have committed ourselves to continuously developing environmental and climate protection and minimising environmental effects. We fulfilled this obligation during the fiscal year at all production sectors in the Aurubis Group, over and above the working processes.

In fiscal year 2009/10 Aurubis invested a significant amount of its total capital expenditure in environmental protection measures.

Sustainable production is achieved in the Group with the use of the state-of-the-art, energy-efficient plant technologies with very high environmental protection standards. Our aim in this is to conserve natural resources and to achieve a clean environment for future generations. Primary copper raw materials and recycling materials are almost completely converted into marketable products. Metal recycling is not just an important source of raw materials in this process, but also makes a considerable contribution to sustainability and resource conservation.

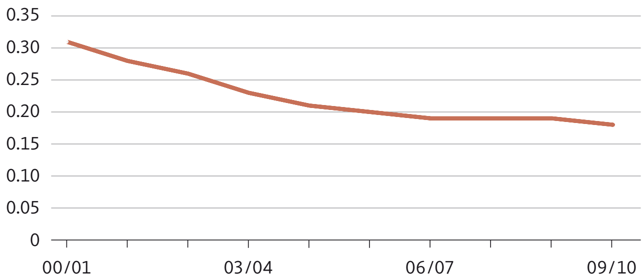
Certified management systems assist in the implementation of our objectives in environmental and climate protection. The annual Technical Inspection Authority (TÜV) evaluation of these systems is a good opportunity for us to have the successful implementation of environmental protection measures and the resultant successes confirmed by external third parties. Uniform key indicators have been designed and common calculation methods created and implemented in the Aurubis Group. At the beginning of 2010 these harmonised key environmental protection figures were examined and certified by the TÜV on site in Olen, Pirdop, Avellino, Lunen and Hamburg. The Hamburg and Lunen sites were inspected not only in accordance with ISO 14001 but also the EMAS system in the process.

# 70 %

Emissions in the Hamburg site were reduced by about 70 %
in the anode furnace and casting machine sectors in the primary smelter.

**FUEL-RELATED $CO_2$ EMISSIONS FROM PRIMARY COPPER PRODUCTION**

in t $CO_2$/t of copper produced




The success of our measures to reduce fugitive emissions was confirmed once again during calendar year 2009:

» At the Hamburg site the level of airborne particle values at the measuring point on the Elbe island Kaltehofe remained constant. In 2006 the immission values were already 5 ng/m³ for arsenic and 1 ng/m³ for cadmium. Readings commissioned by Aurubis confirmed that the values were below those outlined in the European critical limits of the fourth daughter directive on air quality. The immission values measured by the regulatory authorities for 2009 confirm this positive trend. The EU target values for arsenic (6 ng/m³) and cadmium (5 ng/m³) that will go into effect in 2013 are therefore already being observed.

» In 2009 the project for the enclosure of plant components and the sucking off and cleaning of fugitive emissions in the anode furnace and casting machine sectors in the primary copper smelter was successfully optimised with capital expenditure of about € 7 million. This led to a further 70 % reduction in emissions for this area. The energy efficiency of the facilities was also increased, waste heat was utilised and the efficient use of the resources of natural gas and electricity was improved.

» At the Lunen site we agreed on an ambitious emission reduction concept in cooperation with the authorities and successfully implemented it in 2009. Investment funds were allocated to additional environmental protection measures. In 2009 Storage Hall 4, which has an area of 10,600 m², was completed and put into operation for dust-generating recycling raw materials. Furthermore, additional areas of about 10,000 m² were paved.

The Aurubis Group is currently not only among the most environmentally sound copper producers worldwide, but it also exhibits exemplary energy efficiency that conserves resources.

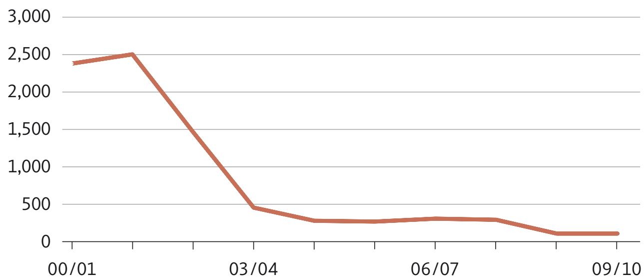
This has been achieved through the development of energy management systems and various measures for the enhancement of energy efficiency. As a result, it has been possible to reduce $CO_2$ emissions significantly, as shown by the consolidated climate protection indicators for primary copper production.

The consolidated environmental factors for the primary copper production sector, using the example of specific dust emissions, are also evidence of our success in environmental protection.

Our Environmental Report 2010 released in September 2010 contains more detailed information on environmental protection in the Aurubis Group. It can be found at our website, *www.aurubis.com*, or obtained from the Group Communications Department.

**DUST EMISSIONS FROM PRIMARY COPPER PRODUCTION**

in g/t of copper produced




The Aurubis Group pursues energy efficiency that conserves resources and is one of the most environmentally sound copper producers in the world.

# RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

With an increase of 262.1%, earnings in the Aurubis Group in fiscal year 2009/10 were significantly higher than the prior-year result, reflecting the recovery of the metal prices and the general economic development from the effects of the global financial and economic crisis. The strong rise in metal prices with rising unit sales resulted in revenues that rose by 47.5% to € 9,865 million.

## RESULTS OF OPERATIONS

The Aurubis Group reports in accordance with International Financial Reporting Standards (IFRS).

As the measurement of inventories using the LIFO method has been prohibited by IAS 2 since 1 January 2005, all the available inventories in the Aurubis Group have to be measured at average cost. Only the inventories tied up permanently in the production process continue to be measured at the average historical acquisition costs.

This, however, results in the reporting of gains and losses due to changes in the carrying amounts of inventories that result from fluctuations in the metal price. The resultant fictitious earnings could only be completely realised in the event of liquidation and result in profits that can neither be taxed nor, on account of the Group policy of covering metal price risks, distributed as dividends. This presentation can therefore cause considerable discontinuity and a loss of comparability.

In the interests of meaningful business reporting, we are consequently initially reporting the results of operations, financial position and net assets on the basis of the presentation employed by Group management for controlling purposes **before the revaluation of the LIFO inventories using the average cost method,** and will then explain how the results of operations, financial position and net assets are affected by the mandatory revaluation.

Consolidated income statement

| in € million | Before revaluation of LIFO inventories 2009/10 | 2008/09 |
|---|---|---|
| Revenues | 9,865 | 6,687 |
| Other income | 186 | (73) |
| Cost of materials | (9,200) | (5,974) |
| **Gross profit** | **851** | **640** |
| Personnel expenses | (295) | (270) |
| Depreciation and amortisation | (106) | (106) |
| Other expenses | (164) | (153) |
| **EBIT** | **286** | **111** |
| Net interest expense | (28) | (38) |
| **Earnings before taxes** | **258** | **73** |
| Income taxes | (65) | (20) |
| Consolidated net income | 193 | 53 |

The earnings of the Aurubis Group for fiscal year 2009/10 totalling € 193 million were several times higher than earnings in the prior year (€ 53 million) and reflect the recovery of the general economic trend and the metal prices from the effects of the global financial and economic crisis. The business performance was influenced by increasing product sales from copper processing, high refining charges for copper scrap, non-cash write-ups on metal inventories and an efficient metal yield. Likewise, the recovery of sulphuric acid prices contributed additionally to increasing results.

The gross profit improved by € 211 million to € 851 million. The considerable rise in metal prices together with increasing sales volumes resulted in 47.5 % higher revenues of € 9,865 million. The cost of materials also increased sharply by 54 % to € 9,200 million and thus more than compensated the higher revenues. Personnel expenses rose by € 25 million to € 295 million, due to increased profit-sharing bonuses, a higher number of personnel and higher pension expenses. Depreciation and amortisation were only just below the prior-year figure. The other expenses of altogether € 164 million were slightly above the prior-year level, due to increased freight costs for the higher turnover.

Overall, earnings before interest, taxes, depreciation and amortisation (EBITDA) at € 392 million were € 176 million up on the prior year. There was a similar improvement in earnings before interest and taxes (EBIT), which were up by € 175 million to € 286 million, compared with € 111 million in the prior year. Combined with the lower net interest expense, earnings before taxes (EBT) went up accordingly by € 185 million to € 258 million. After taking into account the tax charge, consolidated net income of € 193 million remained, compared with € 53 million in the prior year. The tax rate fell slightly from 27.4 % to 25.1 %. After deducting the non-controlling interests, basic earnings per share amounted to € 4.69 (€ 1.28 in the prior year).

## Development of revenues

Group revenues rose by € 3,178 million to € 9,865 in the year under review, representing an increase of 47.5 %. This was due in particular to the higher metal prices, combined with greater demand. As a result, revenues in all product groups increased. The wire rod product group benefited particularly from the recovery from the financial crisis.

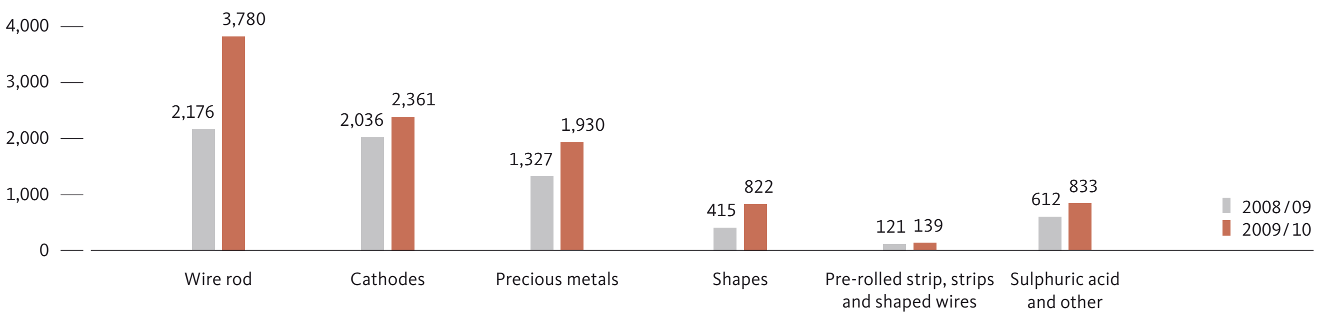
**Breakdown of revenues**

| in % | 2009/10 | 2008/09 |
|---|---|---|
| Germany | 36 | 38 |
| European Union | 50 | 43 |
| Rest of Europe | 5 | 3 |
| Other countries | 9 | 16 |
| **Total** | **100** | **100** |

As a result of the higher revenues, the cost of materials went up from € 5,974 million to € 9,200 million in fiscal year 2009/10, representing an increase of 54 %. After including the substantial increase in inventories (decrease in the prior year) and other operating income, the gross profit improved from € 640 million in the prior year to € 851 million.

**DEVELOPMENT OF REVENUES BY PRODUCT GROUPS**

in € million



## RESULTS OF OPERATIONS AFTER REVALUATION OF LIFO INVENTORIES IN ACCORDANCE WITH IAS 2

In accordance with IAS 2, all of the Group's available inventories have no longer been measured since fiscal year 2005/06 by the LIFO method that was applied until then, but on the basis of average cost. Thereby, the fluctuations in the metal prices can lead to fictitious results that considerably limit the meaningfulness of the presentation of the operating earnings. This issue has already been discussed in the section on the results of operations. Despite this limitation, the consolidated results of operations after the revaluation of LIFO inventories are set out below in order to comply with legal requirements. As reported in the previous section on results of operations, management however makes particular use of the information and ratios based on the LIFO valuation to monitor and evaluate the earnings.

The revaluation of LIFO inventories had a positive effect of € 133 million in the fiscal year, mainly due to higher metal prices. The effect on earnings in the prior year was negative at € – 99 million. In total, earnings before interest, taxes, depreciation and amortisation (EBITDA) of € 582 million in fiscal year 2009/10 were € 504 million up on the prior-year figure of € 78 million.

Taking into account the scarcely changed depreciation and amortisation compared with the prior year, earnings before interest and taxes of € 475 million remain, compared with the prior-year result of € – 28 million. After deducting interest, earnings before taxes amount to € 447 million, after € – 65 million in the prior year. Net of income taxes, consolidated net income remains for fiscal year 2009/10 of € 326 million after revaluation of LIFO inventories, compared with a consolidated net loss of € 46 million in the prior year. Following the elimination of non-controlling interests, basic earnings per share amount to € 7.93 (€ – 1.15 in the prior year) after revaluing the LIFO inventories in accordance with the average cost method.

**Consolidated income statement**

After revaluation of LIFO inventories

| in € million | 2009/10 | 2008/09 |
|---|---|---|
| Revenues | 9,865 | 6,687 |
| Other income | 194 | (121) |
| Cost of materials | (9,019) | (6,065) |
| **Gross profit** | **1,040** | **501** |
| Personnel expenses | (295) | (270) |
| Depreciation and amortisation | (106) | (106) |
| Other expenses | (164) | (153) |
| **EBIT** | **475** | **(28)** |
| Net interest expense | (28) | (37) |
| **Earnings before taxes** | **447** | **(65)** |
| Income taxes | (121) | 19 |
| Consolidated net income/loss | 326 | (46) |

The revaluation of LIFO inventories using the average cost method has a significant impact on the cost of materials.

### Development of revenues

The revenues are not affected by the revaluation of LIFO inventories. Since these were already discussed in the previous section on the results of operations, no further comments will be made here.

The revaluation of LIFO inventories using the average cost method on the other hand had a significant impact on the cost of materials, which amounted to € 9,019 million in fiscal year 2009/10, compared with € 6,065 million in the prior year. This results in a gross profit of € 1,040 million for the year under review, compared with € 501 million in the prior year.

# 25.5 %

Return on capital employed after revaluation of LIFO inventories at a high level.

## Return on capital

After taking into account the revaluation of the LIFO inventories, capital employed as at the balance sheet date amounts to € 1,860 million, compared with € 1,459 million in the prior year. On EBIT of € 475 million after revaluation of the LIFO inventories, the return on capital employed (ROCE) as at the balance sheet date amounts to 25.5 % for the past fiscal year, compared with – 1.9 % in the prior year.

**Return on capital employed (ROCE)**

| | After revaluation of LIFO inventories | |
|---|---|---|
| in € thousand | 30.9.2010 | 30.9.2009 |
| Equity | 1,310,203 | 1,028,866 |
| Pension provisions | 74,069 | 71,450 |
| Borrowings | 623,536 | 616,214 |
| Less: cash and cash equivalents | (147,803) | (257,243) |
| **Capital employed as at the balance sheet date** | **1,860,005** | **1,459,287** |
| Earnings before taxes (EBT) | 447,082 | (65,394) |
| Net interest expense | 28,004 | 37,373 |
| **Earnings before interest and taxes (EBIT)** | **475,086** | **(28,021)** |
| Return on capital employed (ROCE) | 25.5 % | (1.9 %) |

## FINANCIAL POSITION

The task of financial management is the optimal utilisation of the resources available to the Aurubis Group on the basis of ensured liquidity. This requires the balance sheet structure to be in equilibrium. The Aurubis Group uses various financial ratios to monitor and control the individual items. We will first of all discuss these without the effects of the revaluation of LIFO inventories. Any deviations arising after the revaluation of LIFO inventories using the average cost method will then be explained.

Gearing represents the ratio of net borrowings to equity and provides a clear picture of the funding structure. On 30 September 2010 it amounted to 43.9 % and was therefore higher than in the prior year (38.4 %). The increase in gearing is mainly due to the increase in equity compared with the prior year.

The ratio of borrowings to earnings before interest, taxes, depreciation and amortisation (EBITDA) shows the number of periods required to redeem the existing borrowings from the Group's income assuming an unchanged earnings situation. The current ratio of 1.2 is lower than the prior-year figure of 1.7 and represents a very good ratio for redemption of the borrowings.

The ratio of EBITDA to net interest or EBITDA-interest coverage expresses how net interest expense is covered by earnings before interest, taxes, depreciation and amortisation (EBITDA). The ratio of 13.8 for the past fiscal year again clearly shows that earnings before interest, taxes, depreciation and amortisation amount to 14 times the Group's interest obligations. A ratio of 5.7 was achieved for the prior year, and the improvement is due to the better earnings.

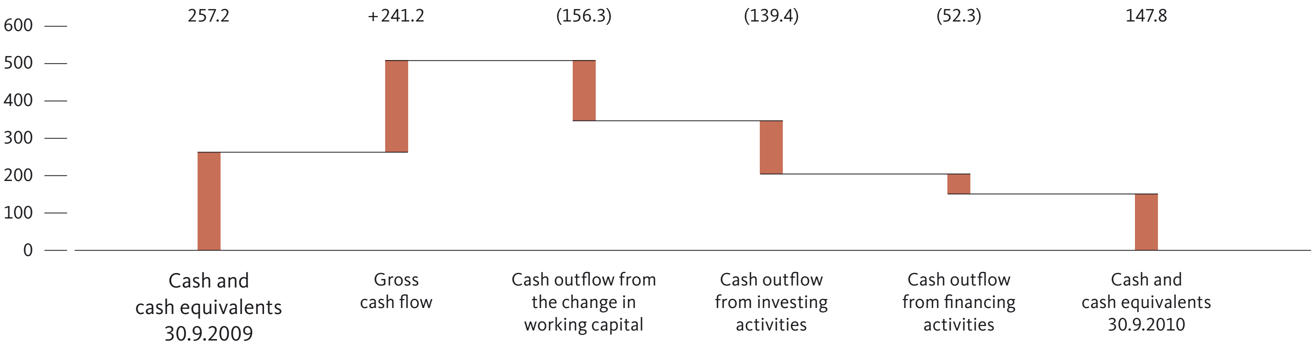
The revaluation of LIFO inventories using the average cost method results in a similar trend. Gearing amounts to 36.3 %, after 34.9 % as at 30 September 2009. The ratio of net borrowings to EBITDA amounts to 0.8, after 4.6 in the prior year. EBITDA-interest coverage at 20.4 has also gone up (2.0 in the prior year). The sharp increase in both ratios is due to the considerable improvement in EBITDA compared with the prior year.

**Key Group financial ratios**

| | Before revaluation of LIFO inventories | | After revaluation of LIFO inventories | |
|---|---|---|---|---|
| | 30.9.2010 | 30.9.2009 | 30.9.2010 | 30.9.2009 |
| **Gearing** | | | | |
| = Net borrowings / equity | 43.9 % | 38.4 % | 36.3 % | 34.9 % |
| **Net borrowings / EBITDA** | 1.2 | 1.7 | 0.8 | 4.6 |
| **EBITDA-interest coverage** | | | | |
| = EBITDA / net interest expense | 13.8 | 5.7 | 20.4 | 2.0 |

## SOURCE AND APPLICATION OF FUNDS

in € million




### Analysis of liquidity and funding

The cash flow statement shows the cash flows in the Group and how the funds are generated and used.

Cash inflow from the operating activities before changes in working capital (gross cash flow) amounted to € 241 million in fiscal year 2009/10, compared with € 283 million in the prior year. This decline is primarily due to the high non-cash valuation effects that are part of the operating result.

> The cash outflow from investing activities amounted to € 139 million.

Within the working capital, receivables and inventories were increased, while liabilities rose at the same time. Cash inflow from operating activities in the fiscal year only amounted to € 85 million on account of the considerable funds tied up.

Cash outflow for investing activities amounted to € 139 million in the year under review, compared with € 148 million in the prior year, mainly for investments in intangible assets and property, plant and equipment.

Overall, cash inflow and outflow from the taking up and redemption of borrowings was in balance in fiscal year 2009/10. Interest payments of € 32 million and dividend payments to shareholders and non-controlling shareholders of € 28 million were incurred. The cash outflow from financing activities thus only amounted to € 52 million in fiscal year 2009/10. In the prior year there had been a cash outflow of € 426 million, particularly due to higher payments to redeem the borrowings.

As a result, cash and cash equivalents decreased year-on-year from € 257 million to € 148 million. These are mainly used for the operating business activities and also for the partial redemption of borrowings.

As a result, the Group's borrowings scarcely changed and amounted to € 624 million as at 30 September 2010 (€ 616 million in the prior year).

After deducting cash and cash equivalents of € 148 million, net borrowings amounted to € 476 million as at 30 September 2010, compared with € 359 million in the prior year.

Net borrowings in the Group

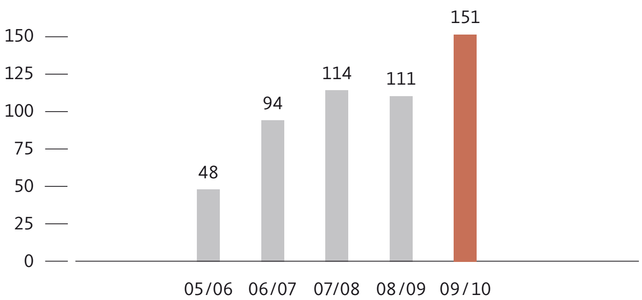
| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Borrowings | 623,536 | 616,214 |
| Less: cash and cash equivalents | (147,803) | (257,243) |
| Net borrowings | 475,733 | 358,971 |

The Aurubis Group has adequate liquidity reserves on account of unused credit facilities. Parallel to this, the Group makes selective use of the sale of receivables without recourse as part of factoring agreements as an off-balance-sheet financial instrument.

## Analysis of capital expenditure

*Business Unit Primary Copper:*
*Focus on capacity expansion and process optimisation*
Direct capital expenditure in the past fiscal year in BU Primary Copper amounted to € 46.3 million. Apart from the expansion of the production capacities and process optimisation, capital expenditure was used for plant maintenance and further improvements in environmental protection.

**CAPITAL EXPENDITURE**
in € million




In Pirdop the project to adjust the capacity of the slag flotation plant to the increasing concentrate throughput was continued. The required capital expenditure amounts to almost € 14 million. The new plant components were commissioned in October 2010.

We also invested € 5.5 million in a new scrubber in the sulphuric acid plant in Hamburg to make the raw material input more flexible. It was commissioned in the first quarter of fiscal year 2009/10.

The Future RWO project is being implemented at the Hamburg site. The project has a budget of € 55 million and consists of several measures, including increasing the concentrate throughput in the primary smelter and the modernisation and capacity expansion in the tankhouse. The entire project will be completed gradually over a period of almost four years.

Furthermore, capital expenditure was also required on the infrastructure in Hamburg, such as bridges and quay walls as well as in a new building for the works fire brigade. Capital expenditure in Olen mainly focused on plant replacement and maintenance.

*Business Unit Recycling/Precious Metals:*
*KRS-Plus project should be completed in 2011*
Direct capital expenditure in BU Recycling/Precious Metals totalled € 29.0 million in the reporting period. Most of this sum was directed into the KRS-Plus project, with which Aurubis will further enhance its technological edge at the Lunen recycling centre. We expect the new plants to be commissioned on schedule in 2011. The measures to reduce emissions further at the KRS were successfully completed and a new works entrance to optimise internal logistic flows was put into operation.

In Hamburg the most important investment projects are the increase in throughput in the electric furnace in the secondary smelter and the construction of a bulk material storage facility. The future project to enable all the anode slimes generated in the Group to be processed in the Group was continued to schedule and should be completed in 2013.

35 %

High equity ratio could be maintained at prior-year level despite higher total assets.

*Business Unit Copper Products:*
*capital expenditure continued at all product manufacturing sites*
BU Copper Products made direct investments totalling € 14.9 million in production plant and systems in the last fiscal year.

In the rod and shape production sectors, activities concentrated on measures to enhance performance following the expansion of the Hamburg rod plant. At the same time, we have pressed on with the expansion of our continuous casting plants at the Hamburg site to increase flexibility in the production of specialty products.

At Aurubis Stolberg the modernisation of the 400 mm shears was completed so that tin-plated strips with sensitive surfaces can now be cut very cost-effectively and with improved quality. The modernisation of the 400 mm and 600 mm strip lines has therefore been completed and the technical orientation to contact materials successfully implemented. Capital expenditure in the wire sector focused on a new multi-drawing facility, which significantly increases the capacity of thin high-value wire.

About € 3 million was invested at Schwermetall Halbzeugwerk in the fiscal year, which has enabled us to ensure that our plants maintain their high technical standard. Measures were also implemented to increase efficiency and quality.

In the bar and profile product line, we have invested in machines and equipment at the Yverdon-les-Bains and Olen sites to increase the production capacities.

## NET ASSETS

Total assets amounted to € 3,410 million as at 30 September 2010, an increase of € 573 million compared with the prior-year figure of € 2,837 million, due above all to the higher inventories. The increase of € 168 million in receivables to € 437 million was offset by a decline of € 109 million in cash and cash equivalents to € 148 million.

| Consolidated balance sheet structure | Before revaluation of LIFO inventories | | After revaluation of LIFO inventories | |
|---|---|---|---|---|
| in % | 30.9.2010 | 30.9.2009 | 30.9.2010 | 30.9.2009 |
| **ASSETS** | | | | |
| Fixed assets | 32 | 36 | 29 | 34 |
| Inventories | 38 | 35 | 45 | 39 |
| Receivables, etc. | 25 | 19 | 22 | 18 |
| Cash and cash equivalents | 5 | 10 | 4 | 9 |
| | 100 | 100 | 100 | 100 |
| **EQUITY AND LIABILITIES** | | | | |
| Equity | 35 | 35 | 38 | 36 |
| Provisions | 11 | 12 | 13 | 13 |
| Liabilities | 54 | 53 | 49 | 51 |
| | 100 | 100 | 100 | 100 |

Equity went up by € 281 million to € 1,310 million as at 30 September 2010, mainly because of the consolidated net income for fiscal year 2009/10 after revaluation of LIFO inventories in the amount of € 326 million. The difference included in equity from the revaluation of LIFO inventories thus increased by € 133 million to € 227 million.

Provisions went up by € 64 million to € 440 million, primarily on account of the strong increase in provisions for deferred taxes due to the higher consolidated net income. Borrowings as at the balance sheet date scarcely changed year-on-year.

Trade accounts payable at € 793 million were € 192 million up on the prior year, mainly due to the higher metal prices. Income tax liabilities totalling € 8 million as at 30 September 2010 were on the other hand € 16 million lower than as at 30 September 2009, largely due to the reduced earnings of the individual Group companies as reported by their statutory financial statements.

Other current liabilities increased by € 53 million to € 219 million, due especially to an import-VAT liability on concentrate deliveries as at the balance sheet date.

## OVERALL STATEMENT ON THE ECONOMIC SITUATION OF THE GROUP

The Aurubis Group has developed successfully after completing the integration of Cumerio and after overcoming the global economic and financial crisis and is in a stable economic situation. The recovery in almost all business sectors has had a positive effect in the course of the fiscal year. In some instances, the recovery process was faster and stronger than we had expected.

With about 4,800 employees at all the production sites, we generated a net income for the year of € 193 million (before revaluation of LIFO inventories), which is many times higher than the prior-year result. This figure however includes non-cash write-ups on metal inventories.

The fiscal year was particularly influenced by high metal prices, an efficient metal yield, increased refining charges for metal scrap and good sales of copper and specialty products with a correspondingly strong increase in the utilisation of most of the production facilities. The trend on the sulphuric acid market was also positive after an initially low price level, but not until the end of the fiscal year. The concentrate markets by contrast remained tight in the course of the year.

Although in fiscal year 2009/10 we significantly surpassed the prior-year figures, the excellent results of fiscal year 2007/08 have not been matched again. We have, however, achieved a very satisfactory level when compared long-term.

The Aurubis Group significantly exceeded the prior-year results in the fiscal year and is in a sound economic situation.

# LEGAL DISCLOSURE REQUIREMENTS

The declaration on corporate governance and the compensation report are part of the consolidated management report. Both are printed at the beginning of this annual report and available on the Company's website at *www.aurubis.com/corporate-governance* and *www.aurubis.com/compensation-report*.

## TAKEOVER DIRECTIVE IMPLEMENTATION ACT

The following disclosures are presented in accordance with Section 315 paragraph 4 German Commercial Code (HGB).

### Composition of the subscribed capital

The subscribed capital (share capital) of Aurubis AG amounted to € 104,626,557.44 as at the balance sheet date and was divided into 40,869,749 no-par-value bearer shares, each with a notional value of € 2.56 of the subscribed capital.

Each share grants the same rights and one vote at the Annual General Meeting.

### Shareholdings exceeding 10 % of the voting rights

One indirect shareholding in Aurubis AG exceeds 10 % of the voting rights:

Salzgitter AG, Salzgitter, notified the Company in accordance with Section 21 paragraph 1 German Securities Trading Act on 15 December 2009 that its voting interest in Aurubis AG had exceeded the threshold of 25 % of the voting rights on 15 December 2009 and amounted to 25.260 % of the voting rights (representing 10,323,640 votes). Of this total, 25.260 % of the voting rights (representing 10,323,640 votes) are attributed to Salzgitter AG via Salzgitter Mannesmann GmbH, Salzgitter.

Accordingly, one direct investment in the capital of Aurubis AG exceeds 25 % of the voting rights: according to the notification of Salzgitter AG, Salzgitter, dated 15 December 2009, Salzgitter Mannesmann GmbH, Salzgitter, has held 25.260 % of the voting rights (representing 10,323,640 votes) since 15 December 2009.

### Appointment and removal of Executive Board members and amendments to the Articles of Association

The appointment and removal of members of the Executive Board of Aurubis AG is covered by Sections 84 and 85 German Companies Act and Section 31 Co-determination Act in conjunction with Section 6 paragraph 1 of the Articles of Association.

Amendments to the Articles of Association are subject to the approval of the Annual General Meeting. The resolution at the Annual General Meeting is passed by a majority that must comprise at least three quarters of the subscribed capital represented in the vote; Section 179 et seq. German Companies Act applies. In accordance with Section 11 paragraph 9 of the Articles of Association, the Supervisory Board is authorised to resolve amendments to the Articles of Association that only relate to their wording.

### Power of the Executive Board to issue shares

In accordance with Section 4 paragraph 2 of the Articles of Association, the Executive Board is empowered, with the approval of the Supervisory Board, to increase the Company's subscribed capital in the period until 29 March 2011 by issuing new no-par-value shares in exchange for a cash contribution and / or a contribution in kind once or in several instalments by up to € 38,046,026.24. The shareholders shall be granted a subscription right. The Executive Board is, however, authorised, subject to the approval of the Supervisory Board, to exclude shareholder subscription rights once or on several occasions:

a) inasmuch as it is necessary to exclude subscription rights for possible fractional amounts,

b) up to an arithmetical nominal value totalling € 38,046,026.24 if the new shares are issued for a contribution in kind,

c) for capital increases against cash contributions up to an arithmetical nominal value totalling € 10,462,653.44 or, if this amount is lower, by a total of 10 % of the subscribed capital existing when this power was exercised for the first time (in each case taking into account the possible use of other authorisations to exclude the subscription right in accordance with or in the corresponding application of Section 186 paragraph 3 sentence 4 German Companies Act), if the issuing price of the new shares is not significantly lower than the price of company shares in the same category on the stock exchange at the time when the issuing price is finally fixed,

d) inasmuch as it is necessary to grant holders or creditors of bonds with warrants or convertible bonds issued by the Company relating to shares a subscription right for new shares to the same extent as they would be entitled after exercising their option or conversion rights.

### Power of the Executive Board to repurchase shares

With a resolution of the Annual General Meeting on 3 March 2010, the Company was empowered until 2 September 2011 to repurchase its own shares (treasury shares) up to a total of 10 % of the current subscribed capital. Together with other own shares held by the Company or attributable to it in accordance with Section 71a et seq. German Companies Act, the shares acquired by the Company based on this authorisation shall at no time exceed 10 % of the Company's current subscribed capital. The acquisition of shares for the purpose of trading with own shares is excluded. The Executive Board is empowered to use shares in the Company that are purchased on account of this power for all legally permitted purposes, and in particular also for the following purposes:

a) Own shares that have been acquired can also be sold in a way other than a sale via the stock exchange or by means of an offer to all of the shareholders, if the shares are sold in return for a cash payment at a price that is not materially lower than the stock market price of the Company's shares of the same category at the time of the sale; the subscription rights of the shareholders are excluded.

b) Own shares that have been acquired can also be sold in a way other than a sale via the stock exchange or by means of an offer to all of the shareholders, if this is carried out in return for a contribution in kind by a third party, especially in conjunction with the acquisition of business entities, parts of business entities or participating interests in business entities by the Company itself or by a business entity dependent on it or majority owned by it, and in conjunction with business combinations or to fulfil conversion rights or obligations relating to conversion or option rights issued by the Company or Group entities of the Company; the subscription rights of the shareholders is in each case excluded.

c) Own shares acquired can be withdrawn entirely or in part without a further resolution of the Annual General Meeting.

The complete text of the resolution dated 3 March 2010 has been included under agenda item 7 in the invitation to the Annual General Meeting 2010 published in the electronic German Federal Gazette on 21 January 2010.

### Power of the Executive Board to issue convertible bonds and shares out of conditional capital

In accordance with section 4 paragraph 3 of the Company's Articles of Association, the subscribed capital is conditionally increased by up to € 52,313,277.44 by issuing up to 20,434,874 new bearer shares without a nominal amount (no-par-value shares), each with notional interest in the subscribed capital of € 2.56 (conditional capital). The conditional increase in capital will be used to grant no-par-value bearer shares to the holders or creditors of convertible bonds and / or bonds with warrants, profit participation rights or participating bonds (or combinations of these instruments), which are issued by the Company or companies, in which it has an indirect or direct majority interest, for a cash contribution as a result of the authorisation resolved at the Annual General Meeting on 3 March 2010 under item 8 of the agenda, and grant a conversion or option right to new no-par-value bearer shares in the Company or establish a conversion obligation. The conditional increase in capital will only be carried out to the extent that option or conversion rights are used or those holders or creditors that are required to convert fulfil their obligation to convert and that the Company's own shares or new shares from the utilisation of authorised unissued capital are used for this purpose. The new no-par-value bearer shares are entitled to participate in the profits from the beginning of the fiscal year in which they come into existence through the exercise of option or conversion rights or the fulfilment of conversion obligations. The Executive Board is authorised to define the further details of how the conditional capital increase shall be performed.

### Significant conditional agreements concluded by the Company

Aurubis AG has concluded an agreement with a banking syndicate (the "Syndicated Loan") on a credit line totalling € 1.2 billion, which, apart from financing the acquisition of Cumerio NV / SA, serves to finance the working capital of the Group. In the event that a single person or a group of persons acting together should acquire more than 50 % of the shares or the voting rights in Aurubis AG, every syndicate lender shall be entitled to cancel its participation in the Syndicated Loan and to demand immediate repayment of the amounts owed to it.

# SUBSEQUENT EVENTS

No events have occurred since the balance sheet date.

# RISK REPORT

Risks are defined at Aurubis as the results of detrimental events which lead to adverse effects on Aurubis AG's earnings, preventing us from achieving our business targets. The risks are outlined, monitored and evaluated as part of a risk management system. Measures for controlling risks have been established within the system.

### Risk management system

Risks are an integral part of the Aurubis Group's economic activities. We manage and monitor the significant risks with the help of a well-functioning risk management system (RMS) that is tailored to our business activities. The early identification of these risks is of major importance and is achieved by an implemented early warning system. Aurubis's basic objective is to limit negative effects on earnings caused by risks as far as possible by appropriate countermeasures. Our principles are defined in a Group guideline for risk management.

The Aurubis Group's RMS covers all sites and business sectors. All risks are listed in uniform prescribed categories and documented in a risk inventory. The significance of the identified risks is then assessed depending on their magnitude and likelihood of occurrence. In addition to the definition of countermeasures, the current and future development of these risks is continuously tracked.

The processes of the RMS are uniformly specified across the whole Group. Documentation is issued exclusively in English, the Group language. Risk management officers have been appointed for all sites and business sectors, and form a network within the Group. The Group headquarters in Hamburg manages the network. Group risk management reports directly to the Chief Financial Officer.

The risk situation in the Aurubis Group has eased as a result of the economic recovery.

The entire RMS is documented in an auditable form and is subject to regular review, when newly identified risks are also taken into account.

The requirements of the Control and Transparency in Business Act (KonTraG), which went into effect in 1998 in connection with Section 91 paragraph 2 of the German Companies Act, are fulfilled by this RMS.

*New developments during fiscal year 2009/10*
After our RMS proved to be successful in the economically difficult year of 2009, re-audits were carried out at all sites in 2010. The relevance, probability of occurrence and financial effects of the previously identified risks were assessed and the risk inventory revised. The overall risk situation generally eased as a result of the economic recovery.

## Structuring of relevant risks
The risks that were assessed and catalogued in the context of the re-audits were structured. Relevant risks were registered systematically, uniformly and completely.

*Supply and production*
The ability to keep the production facilities supplied with raw materials and the availability of these facilities are of the utmost importance for the Aurubis Group. Occurrences that restrict our production processes are thus viewed as significant risks. Most of the raw materials for copper production are in the form of copper concentrates. The remaining materials are procured in the form of recycling raw materials and smelter intermediates. To ensure our supply of copper concentrates, we have concluded long-term agreements with a number of concentrate suppliers from various countries and continents. In this way we are able to minimise the risk of production interruptions caused by possible delivery failures. The risk of volatile treatment and refining charges on the spot market was also limited by the long-term nature of our supply agreements.

In spite of the general shortage of copper concentrates, we were able to achieve almost full utilisation of our copper production capacities by using our production facilities flexibly and increasing the input of recycling raw materials. Plant availability was good overall. Only a small number of technical breakdowns were reported at the end of the fiscal year in Hamburg, the limited effects of which were completely eliminated in the course of the first quarter of the new fiscal year. Treatment and refining charges declined further due to the market-related limited availability of copper concentrates.

The production facilities of the Business Unit Recycling/Precious Metals were kept well supplied with raw materials during the entire fiscal year. We procured copper scrap and other recycling materials in the national and international markets from a large network of suppliers. Copper scrap was available to Aurubis in large quantities with good refining charges as a result of the higher copper price and the restraint of Chinese purchasers.

The supply of complex recycling materials such as electronic scrap, which serves in particular as the feed materials for our Kayser Recycling System (KRS), was also available in sufficient quantities at all times.

The supply of the plants in the Business Unit Copper Products is mainly covered by copper cathodes produced in the Aurubis Group. We were thus able to ensure a sufficient supply for copper production, high delivery reliability and the top product quality. We constantly increased our production output to cater for the continually rising demand for our copper products.

Our production capacities were almost fully utilised despite the shortage of copper concentrates.

We currently expect copper concentrate availability to recover in the medium term and, as a result, increasing treatment and refining charges. We also view the supply situation in the market for recycling materials positively, even if it is difficult to predict the availability of copper scrap in particular and short-term volatility also cannot be ruled out.

*Product sales*

The sales situation constantly improved for all products during the past year. This applies both to specialty products, such as sulphuric acid, and to our copper products. We view this as a continuation of the positive trend, even if the dynamics in the various product sectors may decline slightly.

*Increase in costs*

Energy prices were stable overall during the past fiscal year. Our long-term contract with Vattenfall AG, which has been valid since 1 January 2010, is safeguarding us in the long term against additional costs resulting from prices on the electricity exchanges, which are difficult to predict. This safeguard applies to most of our electricity requirement and covers all German sites. Due to the still uncertain legal position, it is difficult to reliably quantify costs resulting from changes in potential cost drivers, such as the ecotax, Renewable Energy Act, KWK (combined heat and power) or emission trading. Though we expect costs to increase in the medium term, we do not expect any threatening economic effects.

*Finances and financing*

The buying and selling of metals, which is subject to regular metal price and exchange rate fluctuations, represents a potential risk. This risk is substantially minimised with the help of foreign exchange and metal price hedging. We hedge these risks on a daily basis by using financial instruments such as spot and forward contracts. First-class partners were exclusively selected for these hedging transactions in order to limit the counterparty risk.

Expected receipts from foreign currencies, especially the US dollar, are hedged as far as possible by options and forward transactions. The meanwhile favourable exchange rate between the US dollar and the euro had a positive effect on the level of hedging for dollar-based income.

## The supply of liquidity was secured during the entire fiscal year.

Trade accounts receivable are generally hedged by commercial credit insurances or other hedging instruments, e.g. bank guarantees. Own risks were only permitted to a very limited extent and after intensive individual examination. The positive economic trend at the majority of our customers resulted in a higher number being insured as regards the credit insurances. The development of the outstanding receivables is monitored weekly at meetings attended by the Executive Board. During the reporting period there were no significant bad debts. We do not foresee any threatening trends for future development either.

The supply of liquidity was secured during the entire fiscal year. The credit lines at the banks were sufficient at all times. The covenants arranged with the financing banks were complied with. From today’s perspective, we regard the supply of liquidity as satisfactory and expect to be able to comply with the covenants in the new fiscal year as well.

*Legal and organisational aspects*
Environmental risks resulting from the possible failure to comply with standard values and violations of requirements can have legal consequences. We have focused on the environmentally friendly operation of our production facilities for many years now and set our own standards. The environmental standard of our production facilities is an international benchmark; we monitor environmental risks closely. Certification in accordance with ISO 14001 and EMAS is evidence of our high standard in environmental management. The provisional authorisation has been issued for the construction of the plant for processing complex recycling materials at our Lunen site. We consider ourselves to be well positioned for the future in this regard as well. Nevertheless, incidents that might have an adverse impact on the environment cannot be completely ruled out.

We are also leaders in occupational health and safety, which we are also continuously developing further.

Alarm plans are in place to counter possible interruptions in the production processes, which can be caused by extraordinary events such as flooding or fire. Emergency drills are carried out to train employees. In addition, significant risks are largely covered by insurances.

No significant risks occurred in the reporting period. Thus, there were no threats to the Company as a going concern.

## Assessment of risk situation
The assessment of the current and future risk-relevant factors does not result in any risks to the continued existence of Aurubis AG as a going concern. Significant risks have been identified, quantified and controlled as far as possible by the respective action taken. The development of the main risks is regularly monitored at Group level.

Our raw material sourcing is very well positioned thanks to long-term supply contracts and a strong market position. Our facilities operate with a very high availability rate and are based on an internationally leading environmental standard. We have a very good competitive position in our European core market due to the advantageous regional distribution of our production facilities. Our strong balance sheet structure and available credit lines ensure our above-average financial stability, even in times of crisis. Risks are especially possible when it comes to energy prices influenced by government measures. It is however currently not yet possible to quantify the risks. Under the current circumstances, we do not expect threatening cost increases.

We are convinced that our risk management system provides an appropriate system to control relevant risks. No substantial risks arose in the reporting year. In addition, there were no significant structural changes with regard to the Group's risks in the year under review.

The Audit Committee appointed by Aurubis's Supervisory Board also concerned itself intensively with issues relating to risk management in accordance with Section 5.3.2 of the German Corporate Governance Code. The risk management officer informed the Audit Committee regularly about developments in the risk management sector.

The auditors have audited our risk management system to ensure that it complies with the statutory provisions. Both the Audit Committee and the auditors ascertained that the Executive Board and Supervisory Board have taken the measures prescribed by Section 91 paragraph 2 German Companies Act in an appropriate manner and that the risk management system fulfils all the necessary requirements.

*Internal control system relating to the consolidated accounting process (Report in accordance with Sections 315 paragraph 2 No. 5 HGB)*

The objective of the internal control system (ICS) for the accounting process is to ensure that financial statements complying with regulations are prepared by implementing controls. Aurubis has an internal control and risk management system, in which structures and processes related to accounting policies are defined and implemented in the organisation. This ensures that the Group accounting procedures are reliable and performed correctly, that business transactions are thoroughly reported in a timely manner as prescribed by law and in the Articles of Association, and that legal norms and internal guidelines on accounting are observed. Amendments to laws and accounting standards are continuously analysed for their relevance for the consolidated financial statements, and resultant changes incorporated in the group internal processes and systems.

*Principles of the internal control system related to accounting policies*

As the parent company, Aurubis AG prepares the Aurubis Group's consolidated financial statements. The financial reporting of the consolidated group companies that are included in the consolidated financial statements takes place prior to this process. These group companies prepare their financial statements locally and transfer them via a defined uniform group-wide data model to the Corporate Accounting Department. The group companies are responsible for compliance with the valid group-wide guidelines and procedures as well as for the correct and timely execution of the accounting-relevant processes and systems.

The internal control system includes the following main elements:

- Ensuring standardised accounting procedures in the preparation of the separate financial statements of Aurubis AG by systematically implemented controls, which are supported by manual accounting controls and other authorisation and approval procedures (separation of functions, access regulations and limitations, the use of the dual control principle, guidelines on payment transactions)
- Ensuring uniform group accounting procedures in accordance with IFRS by the application of uniform accounting regulations and work instructions, central audit of reporting packages, analysis of deviations to the budget and reporting as part of the quarterly controller meeting
- Inclusion of external accounting and internal reporting by all group companies in a uniform consolidation and reporting system
- Overall consolidation of the consolidated financial statements by the Corporate Accounting Department, which centrally performs the consolidation measures, coordination and monitoring of the timely and procedural input
- Giving the Group companies support in accounting procedures by having a central contact person in Corporate Accounting
- Clarification of special technical questions and complex issues related to specific cases with an external consultant

*Internal Audit as process-independent risk observation*

The Internal Audit as a central unit examines the reliability of the accounting practices of the German and foreign group companies. In particular, existing internal accounting policies and the adherence to them in practice are assessed. The Internal Audit additionally provides information about risks that arise from identifiable deviations and advises on adjustment measures.

# FORECAST REPORT

Aurubis's strategy, which is based on integrated production competencies within the Group, is the guide in our business activity. We understand under the implementation of this strategy that we resolutely pursue the projects that strengthen these skills or utilise them particularly well.

### Starting position strengthened for the next growth steps

This is why we embrace, deepen, protect and transfer our specific competencies, which we relay and use effectively in general and for growth projects. On top of this, we improve our production capabilities by the technical projects in our core business areas of primary copper production, recycling/precious metals and copper processing; material flows between primary and secondary production are optimised and shortened, while at the same time expanding capacities. In this way, valuable components of our raw materials, such as gold or silver, are also extracted faster and more efficiently. In copper processing we are strengthened by the development of new materials and by the optimisation of production processes that reach beyond corporate boundaries. We combine our production capabilities with the metal management and production and process control sectors.

The strategic focus in the primary copper production and recycling sectors has not changed: dynamically growing countries in Asia or South America with extensive raw material deposits and high sales volumes offer us opportunities to use our competencies there.

In copper processing we have also enhanced our basis for growth and consolidation steps in Europe and overseas in the last fiscal year so that we feel equipped to take definite steps in this direction.

Overall, we have become clearer and more consistent in our future orientation as a result of the targeted strategy work. Our aim is to improve and grow further in view of our commitment to our responsibility for the environment, our employees, society and shareholders. Aurubis aims at becoming the leading copper producer and processor in the world.

### Global economy continues recovery

The global economic recovery process is continuing according to the International Monetary Fund, but is still accompanied by risks, which result inter alia from the excessive debt of certain states, the still outstanding restructuring of the financial sector and the imbalances between industrial nations and emerging markets. For 2010, the IMF expects that global economic growth will amount to 4.8 %, followed by 4.2 % in 2011. The driving forces again include the fast-growing countries of China, India and Brazil.

In Europe the upswing has lost momentum but is still moderate and shows disparate trends. The danger of an economic setback is however assessed as limited. The euro-zone's economic growth is expected to reach 1.7 % in 2010 and amount to 1.5 % next year. The regional differences are considerable, however.

While the economy will shrink in Greece and Ireland, Germany has become the locomotive for the entire economic and monetary area. The IMF assesses the prospects for the country's economic development as good, with growth rates of 3.3 % for 2010 and 2.0 % for 2011. The German government's Expert Advisory Commission for the Economy is even going one step further in its annual report: they expect German gross domestic product to grow by 3.7 % in 2010, followed by 2.2 % in 2011. While the exports have mainly accounted for the upswing, growth momentum should increasingly come from the domestic market in the coming year.

### Increasing copper demand invigorates the copper market long-term

There are currently many indications on the copper market that the high-price phase of 2010 will continue in 2011. These are supported by the fundamental situation of the market and the positive attitude that institutional investors have at the moment towards raw material and copper investments.

Copper demand will increase further, borne along by the ongoing recovery trends in the global economy. This should be reflected especially in countries that have high copper demand anyway. Asia is the growth centre here, reporting a rise of 7 to 8 % in 2011. China is paramount in this development, accounting for almost 40 % of global copper demand in 2010. With a rising trend: because according to official figures, demand for refined copper should increase from the current 6.8 million tonnes to 8.5 million tonnes by 2015, driven primarily by increasing demand in the energy, automotive and household appliance sectors, i.e. by 25 % again. In India copper demand has increased since 2000 by more than 9 % year by year and will probably amount to 650,000 tonnes in 2010, followed by 720,000 tonnes in 2011. In Germany as well, which consumed some 1.3 million tonnes of copper in 2010, the indicators are pointing to growth.

The copper stocks in the warehouses of the metal exchanges only offer a supply alternative to a limited extent. They declined continually in 2010 and will probably continue this trend. Only a few quantities are available from exchange warehouses, particularly in the high-consumption regions of Asia and Europe.

A further factor which could exacerbate the shortage on the market is the plan to launch exchange traded commodities (ETCs). Their introduction will withdraw significant additional quantities from the copper market, since LME registered copper must be initially physically deposited in warehouses for the funds.

Given these fundamental developments, the copper market is heading for a shortage of supplies in 2011, which will be reflected in the copper price performance. However, continuing price volatility must be expected in view of the persistent uncertainties in the macroeconomic environment and in the development of the US dollar exchange rate.

### BU Primary Copper remains successful

Copper concentrates, which are sourced all over the world, are the most important raw material in BU Primary Copper. In the last fiscal year, the market was impacted by a very tight supply situation, but this is now generally expected to improve with correspondingly higher treatment and refining charges for the copper smelters. This applies particularly in light of the expected high copper prices that could provide further stimulation for global mining output.

The markets of our other raw materials, such as blister and copper scrap, are usually more volatile than the concentrate market, but the expected level of the copper price can also have a positive effect on them.

## Demand for copper will increase further worldwide, with Asia as the growth centre.

The production of refined copper cannot keep pace with these dynamics. Although on the smelter side the capacity expansions will continue in China, the output suffers from limitations and in some instances poor capacity utilisation. Strikes, maintenance standstills and other factors could result in more production losses here and in other parts of the world. The closure of capacities, such as those in North America this year, also cannot be ruled out.

The positive developments in the sulphuric acid markets up to now should continue. If the economic recovery remains on course, we expect demand to be good with increasing revenues.

Utilisation of our production plants is expected to be good in the coming months. We are continuing our work on measures to increase throughput in the Hamburg and Pirdop smelters and are increasing flexibility significantly as regards the input of the different raw materials. This will put us in an even better position in future to respond to offers on the individual markets.

The development of savings potential to improve our cost position in international competition also strengthens our leading position in copper production. This BU target has top priority for us.

### Good supply expected on recycling markets

In fiscal year 2008/09 we reviewed the strategy of BU Recycling/Precious Metals and redefined it, on the basis of which we will continue to pursue our expansion course. At the same time, we are using the trend toward mandatory closed loop recycling management in a constantly growing number of countries. The quantities of material generated and the need for technically demanding and environmentally friendly recycling processes are growing, particularly in the end-of-life sector, for which our modern multi-metal recycling offers the optimal approach.

The KRS-Plus project was pushed on at the Lunen recycling centre. The project is still on schedule with the result that we can increase the treatment of complex recycling raw materials once again as of 2011 by restructuring the recycling process.

After benefiting in the BU from the unforeseen substantial economic recovery in the last fiscal year, particularly in Germany, we expect the trend to stay positive in the near future. The copper price level and the market situation for other metals are critical factors for the collection, intensity and thus amount of recycling materials generated. Many factors are currently indicating that the positive trend in the recycling markets will continue.

We are implementing our recycling strategy, which is built on having the technological edge in material processing and a leading position in environmental protection, and expect positive basic conditions. In addition, we shall further develop our international recycling business, which is based on strongly diversified material procurement in a number of countries in and outside Europe. The basics for the raw material supply of the increasing processing capacities in our recycling sector as of 2011 have already been created, so that we expect the good capacity utilisation to continue in future.

> The chances of continuing strong demand for high-value copper products are very good.

### Copper product markets expect positive trend

We see very good opportunities for continuing strong demand for high-value copper products as the economic recovery in Europe continues. The robust European domestic demand, the lively export activity and the ongoing investment in infrastructure projects results in higher demand for wire, cable, strips, profiles and other copper semi-finished products in almost all economic sectors.

We intend to expand our important rod business further in the coming months. The good prospects for the automotive and enamelled wire sectors and the continuing investment in the expansion and decentralisation of the electricity grids will support the demand for our rod products.

Sales of continuous cast shapes should remain at a high level in the next few quarters and increase in some sectors. Our long-term relationships with successful customers and focus on shapes with the highest electrical conductivity will continue to be beneficial for us and for our business associates in future.

We believe it is possible that the markets for strip and drawn products will pick up further in the new fiscal year with growth in the lower single-digit percentage range. Following the cautious start to the first quarter, we expect demand to be robust for the rest of the year, whereby further growth will depend on our marketing success in Asia to a great extent. In Europe we are only expecting a slight improvement and in North America rather declining volumes.

As regards pre-rolled strip, many customers were more reserved with their delivery scheduling on account of the high copper price at the end of the fiscal year. We are however not expecting this trend to change significantly in the new fiscal year.

From today's perspective, we expect the copper price to remain at a high level.

The capital investment in the production facilities for bars and special profiles enables us to increase output. In the new fiscal year, the output should be 58 % up on the prior-year period. The full utilisation of the capacities at the Yverdon-les-Bains and Olen sites is scheduled for fiscal year 2013 / 14. The positive market environment will support us in achieving this target.

Overall we intend to increase the production and sales activities in BU Copper Products in the new fiscal year. New products, intensive commercial and technical service and the implementation of our growth strategy will remain the essential pillars of our business.

### Expected future results of operations

For the next two years, we expect the recovery trends in the global economy to continue despite the high debt leverage of certain countries and the continuing economic and financial risks. In the euro-zone, this applies in particular for Germany and internationally for countries that are crossing the threshold to becoming industrialised nations. Thus, countries are affected which play a leading role as regards the global demand for copper.

From today's perspective we therefore expect that the copper price will remain at a high level, however accompanied by ongoing price volatility. In particular, we expect good demand for copper cathodes and other copper products in our European core markets. This will, however, probably not be quite as dynamic as in the past fiscal year. On the raw material side, we expect disparate trends. The supply of copper concentrates should benefit from the price-related high intensity of copper mining in the mines and from the new and expansion projects. Risks remain on the demand side, since the smelters' concrete buying activities are difficult to assess. This is mainly dependent on whether the latest improvement in treatment and refining charges will last. Revenues from the by-product of sulphuric acid are being positively affected by a growing product demand from the fertiliser production and chemical industries and mining.

The markets for copper scrap are more short-term in their orientation and subject to faster changes. We expect, however, the good supply situation to continue with satisfactory refining charges. The supply of other recycling materials generally has greater continuity and generates more constant earnings in the business.

Overall, we expect the trend in business for fiscal year 2010/11 to be robust. The risks in the US dollar performance are mostly hedged for this period. We expect results of operations to increase unless there are new crisis-ridden developments on the financial markets or significant changes on the copper scrap markets.

### Expected future financial position

The financial position in the past fiscal year was characterised by a stable high gross cash flow, reflecting the improved business situation. Compared with the prior year, inventories were built up due to the rising metal prices and the exploitation of opportunities on the copper scrap markets, which weighed on the cash flow from operating activities. This and the high capital expenditure volume resulting from new investments resulted in a slight rise in borrowings. Overall, the Company has long-term financing available via a syndicated credit agreement. It ensures sufficient liquidity that is not at risk from today's perspective.

In the next two years we intend making the Company even more resistant to market and other external effects.

Capital expenditure in the new fiscal year is expected to be lower than last year's level, whereby expenditure on property, plant and equipment in the new fiscal year is expected to match the prior-year level. Various strategically important investment projects are at the planning and implementation stage. These include above all the KRS-Plus project in Lunen, with which we are expanding our recycling capacity for complex recycling materials. A further important investment project is the expansion of the smelting and tankhouse operations in Hamburg.

### Overall conclusion on the expected development of the Aurubis Group

The Aurubis Group has left the economic crisis behind it and was in good shape at the end of the fiscal year. Fiscal year 2009/10 closed with very positive results, whereby the Aurubis Group's business model again proved its value.

On the copper market and the other metal markets, a great deal is speaking in favour of an ongoing high price level in the coming two years on account of the fundamental situation. We expect the trend in demand to be good, which will support our copper product business. Higher demand intensity also affects sulphuric acid sales as it will probably also do in the foreseeable future, whereby it should be noted that the sulphuric acid market is historically volatile. The concentrate market, which is characterised for us by longer-term contract structures, steers toward an improved market supply due to the realisation of mining projects, but is doing this from a low basis. The copper scrap supply on the market is currently very good but, in contrast to concentrates, is subject to factors that have a direct effect, and can therefore change quickly. With high copper prices and low Chinese buying activities, the chances for continuing satisfactory availability are, however, good. Overall, a picture results reflecting confidence in the business performance for the next two years.

Work continues throughout the Group on innovations, optimisations and performance enhancement. Strategically we are keeping to our goals of growing further – externally as well – if the general conditions are right.

The aim in everything is to enhance our strengths, exploit opportunities and mitigate or eliminate weaknesses. In the coming two years, we will hold on to this way forward with the aim of making the company even more resistant to market and other external effects. Risks which cannot be controlled or are hard to control, such as those arising from energy price increases and higher levies, could of course make this difficult.

# Consolidated financial statements

# CONSOLIDATED INCOME STATEMENT

*for the period 1 October to 30 September (IFRS)*

| in € thousand | Note | 2009/10 | 2008/09 |
|---|---|---|---|
| **Revenues** | 1 | **9,865,369** | **6,686,878** |
| Changes in inventories of finished goods and work in process | | 141,266 | (159,253) |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *8,642* | *(48,407)* |
| Own work capitalised | 2 | 5,004 | 6,722 |
| Other operating income | 3 | 47,463 | 31,048 |
| Cost of materials | 4 | (9,018,728) | (6,064,810) |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *180,898* | *(90,462)* |
| **Gross profit** | | **1,040,374** | **500,585** |
| Personnel expenses | 5 | (294,800) | (269,516) |
| Depreciation and amortisation | 6 | (106,459) | (105,584) |
| Other operating expenses | 7 | (164,029) | (153,506) |
| **Operational result (EBIT)** | | **475,086** | **(28,021)** |
| Result from investments | 8 | 494 | 566 |
| Interest income | 9 | 10,316 | 15,089 |
| Interest expense | 9 | (38,814) | (53,028) |
| **Earnings before taxes (EBT)** | | **447,082** | **(65,394)** |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *189,540* | *(138,869)* |
| Income taxes | 10 | (121,335) | 19,288 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *(56,811)* | *39,459* |
| **Consolidated net income (loss in the prior year)** | | **325,747** | **(46,106)** |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *132,729* | *(99,410)* |
| Income attributable to non-controlling interests (loss in the prior year) | 11 | 1,525 | 973 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *32* | *(51)* |
| Consolidated net income attributable to Aurubis AG shareholders (loss in the prior year) | | 324,222 | (47,079) |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *132,697* | *(99,359)* |
| Basic earnings per share in € | 12 | 7.93 | (1.15) |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *3.24* | *(2.43)* |
| Diluted earnings per share in € | 12 | 7.93 | (1.15) |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *3.24* | *(2.43)* |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the period 1 October to 30 September (IFRS)*

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| **Consolidated net income (loss in the prior year)** | **325,747** | **(46,106)** |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *132,729* | *(99,410)* |
| Changes recognised directly in equity | | |
| Foreign currency differences | (6,560) | 8,345 |
| "Available-for-sale" financial assets | (14,253) | (2,483) |
| Market valuation of cash flow hedges | 615 | 188 |
| Deferred taxes on accumulated other comprehensive income | 3,354 | (4,350) |
| **Other comprehensive income** | **(16,844)** | **1,700** |
| Consolidated total comprehensive income | 308,903 | (44,406) |
| Consolidated total comprehensive income attributable to Aurubis AG shareholders | 307,378 | (45,379) |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *132,697* | *(99,359)* |
| Consolidated total comprehensive income attributable to non-controlling interests | 1,525 | 973 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *32* | *(51)* |

# CONSOLIDATED BALANCE SHEET

*as at 30 September (IFRS)*

## ASSETS

| in € thousand | Note | 30.9.2010 | 30.9.2009 |
|---|---|---|---|
| Intangible assets | | **101,887** | **41,922** |
| Property, plant and equipment | | **858,345** | **874,427** |
| Investment property | | **15** | **22** |
| Interests in affiliated companies | | 524 | 246 |
| Investments | | 626 | 649 |
| Other financial fixed assets | | 37,942 | 52,156 |
| Financial fixed assets | | **39,092** | **53,051** |
| **Fixed assets** | 13 | **999,339** | **969,422** |
| Deferred tax assets | | **5,182** | **1,433** |
| Non-current receivables and financial assets | | 95,565 | 63,383 |
| Other non-current assets | | 43 | 22 |
| Non-current receivables and other assets | 16 | **95,608** | **63,405** |
| **Non-current assets** | | **1,100,129** | **1,034,260** |
| Inventories | 14 | **1,517,511** | **1,093,627** |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *334,472* | *144,932* |
| Trade accounts receivable | 15 | 437,384 | 269,503 |
| Income tax receivables | 16 | 24,776 | 10,320 |
| Other current receivables and assets | 16 | 182,379 | 171,918 |
| Current receivables and other assets | | **644,539** | **451,741** |
| Short-term security investments | 17 | **301** | **464** |
| Cash and cash equivalents | 18 | **147,803** | **257,243** |
| **Current assets** | | **2,310,154** | **1,803,075** |
| **Total assets** | | **3,410,283** | **2,837,335** |

## EQUITY AND LIABILITIES

| in € thousand | Note | 30.9.2010 | 30.9.2009 |
|---|---|---|---|
| Subscribed capital | | 104,627 | 104,627 |
| Additional paid-in capital | | 187,055 | 187,055 |
| Generated Group earnings | | 1,021,138 | 723,481 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *226,644* | *93,947* |
| Accumulated other comprehensive income components | | (6,464) | 10,380 |
| Equity attributable to shareholders of Aurubis AG | | **1,306,356** | **1,025,543** |
| Non-controlling interests | | **3,847** | **3,323** |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *(19)* | *(51)* |
| Equity | 19 | 1,310,203 | 1,028,866 |
| Pension provisions | 20 | 74,069 | 71,450 |
| Deferred tax liabilities | 21 | 257,035 | 167,130 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | | *107,847* | *51,036* |
| Other non-current provisions | 22 | 50,603 | 39,505 |
| Non-current provisions | | **381,707** | **278,085** |
| Non-current borrowings | | 332,617 | 451,149 |
| Other non-current liabilities | | 16,737 | 25,248 |
| Non-current liabilities | 23 | **349,354** | **476,397** |
| **Non-current provisions and liabilities** | | **731,061** | **754,482** |
| Other current provisions | 22 | **58,321** | **97,875** |
| Current borrowings | | 290,919 | 165,065 |
| Trade accounts payable | | 792,530 | 600,853 |
| Income tax liabilities | | 7,947 | 24,262 |
| Other current liabilities | | 219,302 | 165,932 |
| Current liabilities | 23 | **1,310,698** | **956,112** |
| **Current provisions and liabilities** | | **1,369,019** | **1,053,987** |
| Total liabilities | | 2,100,080 | 1,808,469 |
| Total equity and liabilities | | 3,410,283 | 2,837,335 |

# CONSOLIDATED CASH FLOW STATEMENT

*for the period 1 October to 30 September (IFRS)*

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| **Earnings before taxes after revaluation of LIFO inventories** | **447,082** | **(65,394)** |
| Revaluation of LIFO inventories using the average cost method | (189,540) | 138,869 |
| **Earnings before taxes before revaluation of LIFO inventories** | **257,542** | **73,475** |
| Depreciation and amortisation | 106,459 | 105,584 |
| Impairment losses on current assets | (106,123) | 29,913 |
| Change in non-current provisions | 7,730 | (4,449) |
| Net losses on disposal of fixed assets | 3,899 | 8,499 |
| Valuation of derivatives | (24,175) | 65,290 |
| Result from investments | (494) | (566) |
| Net interest expense | 28,113 | 37,696 |
| Income taxes paid | (31,767) | (32,841) |
| **Gross cash flow** | **241,184** | **282,601** |
| Change in receivables and other assets, including short-term security investments | (213,943) | 150,087 |
| Change in inventories | (126,180) | 140,668 |
| Change in current provisions | (39,567) | 22,889 |
| Change in liabilities (excluding borrowings) | 223,411 | 48,561 |
| **Cash inflow from operating activities (net cash flow)** | **84,905** | **644,806** |
| Additions to fixed assets | (150,561) | (164,544) |
| Proceeds from disposal of fixed assets | 485 | 550 |
| Interest received | 10,167 | 15,089 |
| Dividends received | 494 | 566 |
| **Cash outflow from investing activities** | **(139,415)** | **(148,339)** |
| Proceeds from issuance of bonds and taking up borrowings | 571,300 | 281,035 |
| Payment for the redemption of bonds and borrowings | (563,792) | (594,481) |
| Interest paid | (32,301) | (45,675) |
| Dividends paid | (27,565) | (67,305) |
| **Cash outflow from financing activities** | **(52,358)** | **(426,426)** |
| Net changes in cash and cash equivalents | (106,868) | 70,041 |
| Changes resulting from changes in exchange rates | (2,572) | 720 |
| Cash and cash equivalents at beginning of period | 257,243 | 186,482 |
| **Cash and cash equivalents at end of period** | **147,803** | **257,243** |

Further information on the cash flow statement is provided on page 151 of this report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | | | Accumulated comprehensive income components | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| in € thousand | Subscribed capital | Additional paid-in capital | Generated Group equity | Market valuation of cash flow hedges | Market valuation of financial assets | Exchange differences | Deferred taxes | Equity attributable to Aurubis AG shareholders | Non-controlling interests | Total |
| Balance as at 30.9.2008 | 104,627 | 188,759 | 834,459 | 6,894 | 0 | (79) | 1,865 | 1,136,525 | 4,262 | 1,140,787 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *0* | *0* | *193,306* | *0* | *0* | *0* | *0* | *193,306* | *0* | *193,306* |
| Dividend payment | 0 | 0 | (65,392) | 0 | 0 | 0 | 0 | (65,392) | (1,913) | (67,305) |
| Consolidated net income | 0 | 0 | (47,079) | 8,345 | (2,483) | 188 | (4,350) | (45,379) | 973 | (44,406) |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *0* | *0* | *(99,359)* | *0* | *0* | *0* | *0* | *(99,359)* | *(51)* | *(99,410)* |
| Other changes | 0 | (1,704) | 1,493 | 0 | 0 | 0 | 0 | (211) | 1 | (210) |
| Balance as at 30.9.2009 | 104,627 | 187,055 | 723,481 | 15,239 | (2,483) | 109 | (2,485) | 1,025,543 | 3,323 | 1,028,866 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *0* | *0* | *93,947* | *0* | *0* | *0* | *0* | *93,947* | *0* | *93,947* |
| | | | | | | | | | | |
| Balance as at 30.9.2009 | 104,627 | 187,055 | 723,481 | 15,239 | (2,483) | 109 | (2,485) | 1,025,543 | 3,323 | 1,028,866 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *0* | *0* | *93,947* | *0* | *0* | *0* | *0* | *93,947* | *(51)* | *93,896* |
| Dividend payment | 0 | 0 | (26,565) | 0 | 0 | 0 | 0 | (26,565) | (1,000) | (27,565) |
| Consolidated net income | 0 | 0 | 324,222 | (6,560) | (14,253) | 615 | 3,354 | 307,378 | 1,524 | 308,902 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *0* | *0* | *132,697* | *0* | *0* | *0* | *0* | *132,697* | *32* | *132,729* |
| Balance as at 30.9.2010 | 104,627 | 187,055 | 1,021,138 | 8,679 | (16,736) | 724 | 869 | 1,306,356 | 3,847 | 1,310,203 |
| – *thereof from revaluation of LIFO inventories using the average cost method* | *0* | *0* | *226,644* | *0* | *0* | *0* | *0* | *226,644* | *(19)* | *226,625* |

Further information on changes in equity is provided on page 132 and 133 of this report.

# CHANGES IN FIXED ASSETS OF THE GROUP

*as at 30 September 2010*

| in € thousand | Acquisition or construction cost 1.10.2009 | Additions in the fiscal year | Disposals |
|---|---|---|---|
| **Intangible assets** | | | |
| 1. Franchises, industrial property rights and licences | 43,483 | 62,657 | (289) |
| 2. Goodwill | 43,170 | 0 | 0 |
| 3. Payments on account for intangible assets | 33 | 29 | 0 |
| | **86,686** | **62,686** | **(289)** |
| **Property, plant and equipment** | | | |
| 1. Land and buildings | 480,092 | 6,510 | (3,707) |
| 2. Technical equipment and machinery | 1,313,056 | 24,460 | (26,217) |
| 3. Other equipment, factory and office equipment | 69,679 | 3,749 | (3,728) |
| 4. Leased assets | 43,612 | 924 | (851) |
| 5. Payments on account for assets under construction | 79,737 | 52,812 | 0 |
| | **1,986,176** | **88,455** | **(34,503)** |
| **Investment property** | **96** | **0** | **0** |
| **Fixed financial assets** | | | |
| 1. Interests in affiliated companies | 246 | 256 | 0 |
| 2. Investments in associated companies | 1,120 | 0 | (20) |
| 3. Other investments | 25 | 19 | 0 |
| 4. Fixed asset securities | 52,535 | 46 | 0 |
| 5. Other loans | 209 | 23 | (30) |
| | **54,135** | **344** | **(50)** |
| | **2,127,093** | **151,485** | **(34,842)** |

| Transfers | Fair value or exchange differences (net) | Acquisition or construction cost 30.9.2010 | Depreciation, amortisation and write-downs 30.9.2010 | Carrying amount 30.9.2010 | Carrying amount of prior year 30.9.2009 | Systematic depreciation and amortisation in the fiscal year | Impairment losses in the fiscal year |
|---|---|---|---|---|---|---|---|
| 1,326 | 908 | 108,085 | (31,225) | 76,860 | 16,919 | (4,950) | 0 |
| 0 | 0 | 43,170 | (18,200) | 24,970 | 24,970 | 0 | 0 |
| (5) | 0 | 57 | 0 | 57 | 33 | 0 | 0 |
| **1,321** | **908** | **151,312** | **(49,425)** | **101,887** | **41,922** | **(4,950)** | **0** |
| 12,089 | 976 | 495,960 | (270,403) | 225,557 | 219,936 | (13,563) | 0 |
| 37,012 | 845 | 1,349,156 | (845,322) | 503,834 | 525,209 | (80,367) | (174) |
| 962 | 31 | 70,693 | (52,189) | 18,504 | 18,858 | (4,803) | 0 |
| 0 | 25 | 43,710 | (14,669) | 29,041 | 30,687 | (2,595) | 0 |
| (51,384) | 244 | 81,409 | 0 | 81,409 | 79,737 | 0 | 0 |
| **(1,321)** | **2,121** | **2,040,928** | **(1,182,583)** | **858,345** | **874,427** | **(101,328)** | **(174)** |
| **0** | **0** | **96** | **(81)** | **15** | **22** | **(7)** | **0** |
| 22 | 0 | 524 | 0 | 524 | 246 | 0 | 0 |
| 0 | 0 | 1,100 | (496) | 604 | 624 | 0 | 0 |
| (22) | 0 | 22 | 0 | 22 | 25 | 0 | 0 |
| 0 | (14,253) | 38,328 | (588) | 37,740 | 51,947 | 0 | 0 |
| 0 | 0 | 202 | 0 | 202 | 209 | 0 | 0 |
| **0** | **(14,253)** | **40,176** | **(1,084)** | **39,092** | **53,051** | **0** | **0** |
| **0** | **(11,224)** | **2,232,512** | **(1,233,173)** | **999,339** | **969,422** | **(106,285)** | **(174)** |

# CHANGES IN FIXED ASSETS OF THE GROUP

*as at 30 September 2009*

| in € thousand | Acquisition or construction cost 1.10.2008 | Additions in the fiscal year | Disposals |
|---|---|---|---|
| **Intangible assets** | | | |
| 1. Franchises, industrial property rights and licences | 38,819 | 3,167 | (1,095) |
| 2. Goodwill | 43,170 | 0 | 0 |
| 3. Payments on account for intangible assets | 9,999 | 809 | (8,657) |
| | **91,988** | **3,976** | **(9,752)** |
| **Property, plant and equipment** | | | |
| 1. Land and buildings | 472,175 | 9,095 | (12,995) |
| 2. Technical equipment and machinery | 1,285,647 | 34,971 | (44,615) |
| 3. Other equipment, factory and office equipment | 70,665 | 4,393 | (6,559) |
| 4. Leased assets | 43,640 | 0 | (37) |
| 5. Payments on account for assets under construction | 71,036 | 59,049 | (555) |
| | **1,943,163** | **107,508** | **(64,761)** |
| **Investment property** | **96** | **0** | **0** |
| **Fixed financial assets** | | | |
| 1. Interests in affiliated companies | 2,271 | 0 | (2,025) |
| 2. Investments in associated companies | 1,100 | 20 | 0 |
| 3. Other investments | 22 | 23 | (20) |
| 4. Fixed asset securities | 2,018 | 53,000 | 0 |
| 5. Other loans | 381 | 18 | (190) |
| | **5,792** | **53,061** | **(2,235)** |
| | **2,041,039** | **164,545** | **(76,748)** |

| Transfers | Fair value or exchange differences (net) | Acquisition or construction cost 30.9.2009 | Depreciation, amortisation and write-downs 30.9.2009 | Carrying amount 30.9.2009 | Carrying amount of prior year 30.9.2008 | Systematic depreciation and amortisation in the fiscal year | Impairment losses in the fiscal year |
|---|---|---|---|---|---|---|---|
| 2,156 | 436 | 43,483 | (26,564) | 16,919 | 14,923 | (3,899) | (5,550) |
| 0 | 0 | 43,170 | (18,200) | 24,970 | 24,970 | 0 | 0 |
| (2,118) | 0 | 33 | 0 | 33 | 6,864 | 0 | 0 |
| 38 | 436 | 86,686 | (44,764) | 41,922 | 46,757 | (3,899) | (5,550) |
| 11,669 | 148 | 480,092 | (260,156) | 219,936 | 213,954 | (11,813) | (5) |
| 36,921 | 132 | 1,313,056 | (787,847) | 525,209 | 533,650 | (76,864) | (291) |
| 1,178 | 2 | 69,679 | (50,821) | 18,858 | 19,089 | (4,542) | 0 |
| 0 | 9 | 43,612 | (12,925) | 30,687 | 33,293 | (2,613) | 0 |
| (49,806) | 13 | 79,737 | 0 | 79,737 | 70,932 | 0 | 0 |
| (38) | 304 | 1,986,176 | (1,111,749) | 874,427 | 870,918 | (95,832) | (296) |
| 0 | 0 | 96 | (74) | 22 | 30 | (7) | 0 |
| 0 | 0 | 246 | 0 | 246 | 246 | 0 | 0 |
| 0 | 0 | 1,120 | (496) | 624 | 604 | 0 | 0 |
| 0 | 0 | 25 | 0 | 25 | 22 | 0 | 0 |
| 0 | (2,483) | 52,535 | (588) | 51,947 | 1,430 | 0 | 0 |
| 0 | 0 | 209 | 0 | 209 | 381 | 0 | 0 |
| 0 | (2,483) | 54,135 | (1,084) | 53,051 | 2,683 | 0 | 0 |
| 0 | (1,743) | 2,127,093 | (1,157,671) | 969,422 | 920,388 | (99,738) | (5,846) |

# NOTES TO THE FINANCIAL STATEMENTS

## BASIS OF PRESENTATION

Aurubis Aktiengesellschaft ("Aurubis AG") is a quoted limited company domiciled in Germany.

As required by Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002 on the application of international accounting standards and Section 315a paragraph 1 of the German Commercial Code (HGB), the accompanying consolidated financial statements as at 30 September 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) approved and published by the International Accounting Standards Board (IASB), as adopted by the European Union. The interpretations of the International Financial Reporting Interpretations Committee (IFRIC) have been taken into account. No accounting policies in accordance with German law that do not comply with IFRS have been applied.

The Executive Board will issue the consolidated financial statements to the Supervisory Board on 2 December 2010. The Supervisory Board's task is to review and approve the consolidated financial statements. At the time of reporting, this was scheduled to be carried out on 10 December 2010.

The consolidated financial statements have been prepared in euros. If nothing to the contrary is indicated, all amounts are shown in currency units of thousand.

Current and non-current assets are presented as separate categories in the balance sheet. Current assets and current liabilities are expected to be realised within twelve months of the balance sheet date or are held primarily for trading purposes.

Assets and liabilities have been measured as a general rule at amortised acquisition or construction cost. Derivative financial instruments and available-for-sale financial assets are measured at fair value. The preparation of consolidated financial statements in accordance with IFRS furthermore requires the Executive Board and authorised employees to make estimates and assumptions in significant areas that have an impact on the measurement and reported amount of the assets and liabilities in the balance sheet, and on income and expenses. Such estimates and assumptions are primarily applied in defining the useful lives of fixed assets, the computation of discounted cash flows in conjunction with impairment tests, and the recognition of provisions for pension obligations and for pending losses and environmental protection. Further information on the amounts of the provisions that have been set up is given under Notes 20 to 22. Furthermore, the calculation of the fair values of the acquired assets and liabilities that are to be determined as part of the first-time consolidation is based on estimates and assumptions. Actual amounts could deviate from these assumptions. Where they had an impact on the measurement, the underlying assumptions are discussed separately under the respective item in these notes.

## SCOPE OF CONSOLIDATION

In addition to the parent company, Aurubis AG, Hamburg, thirteen further companies, in which Aurubis AG, Hamburg, holds the majority of the voting rights either directly or indirectly and thus has control, were included in the consolidated financial statements as at the balance sheet date by way of full consolidation. The consolidated balance sheet date corresponds to the balance sheet date of Aurubis AG, Hamburg, and all consolidated subsidiaries, with the exception of three consolidated companies, whose balance sheet date is 31 December. Interim financial statements were prepared by these companies as at the consolidated balance sheet date for consolidation purposes.

Accordingly, the financial statements of all significant subsidiaries, in which Aurubis AG holds legal and / or de facto control, are included in these consolidated financial statements.

Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg, and CIS Solartechnik GmbH & Co. KG, Bremerhaven, have been consolidated proportionately in accordance with IAS 31. A 50 % investment is held in each of these two entities. They are managed jointly with other partners (joint ventures). The accounting policies applied comply with those for the fully consolidated subsidiaries.

Schwermetall Halbzeugwerk's share of the Group's assets as at 30 September 2010 amounted to € 81,678 thousand (€ 42,552 thousand in the prior year), its share of the non-current liabilities to € 16,248 thousand (€ 13,828 thousand in the prior year) and its share of current liabilities to € 27,349 thousand (€ 13,474 thousand in the prior year). The company contributed € 9,477 thousand (€ – 63 thousand in the prior year) to the Group's net income in the reporting period, and € 145,224 thousand (€ 75,506 thousand in the prior year) to its revenues.

CIS Solartechnik's share of the Group's assets and current liabilities as at 30 September 2009 amounted to € 4,060 thousand (€ 4,226 thousand in the prior year) and € 639 thousand (€ 85 thousand in the prior year) respectively. The company's contribution to the Group's net income in the reporting period amounted to € – 473 thousand (€ – 131 thousand in the prior year). No revenues were generated, since the company has not to date been operationally active.

## CONSOLIDATION PRINCIPLES

The separate financial statements of all companies included in consolidation are prepared in accordance with the uniform accounting policies applied in the Aurubis Group. The financial statements of the companies included in the consolidated financial statements have been audited by independent auditors.

Capital consolidation is performed as at the acquisition date using the purchase method, whereby the acquisition cost of the acquired interest is offset against the fair values of acquired assets and liabilities of the subsidiary at that time. Any unallocated difference is recognised as goodwill and tested annually for impairment. In accordance with IFRS 3, goodwill is not systematically amortised. Negative goodwill is recognised immediately in profit or loss following a reassessment of the fair values.

Receivables, liabilities and contingent liabilities, and revenues, other income and expenses between Group companies are eliminated. Profits resulting from transactions between Group companies are eliminated, if material.

In addition to eight German companies, eight foreign companies are included in the consolidated financial statements. The financial statements of subsidiaries in foreign currencies were translated to euros in accordance with the concept of the functional currency. In accordance with IAS 21, assets and liabilities in the balance sheet are translated at the mid-market rates on the balance sheet date and the income statement is translated at the average rates for the year. Any resultant translation differences are recognised directly in equity until the possible disposal of the subsidiary.

The same consolidated policies are applied accordingly for proportionally consolidated joint ventures. The consolidation procedures required for transactions between such companies and the remaining Group companies are performed proportionately based on the interest in the joint ventures.

## CHANGES IN ACCOUNTING POLICIES ON ACCOUNT OF NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations applied for the first time

| | |
|---|---|
| IFRS 7 | Financial Instruments: Improved Disclosures on Financial Instruments |
| IFRIC 9/IAS 39 | Reassessment of Embedded Derivatives |
| IFRS 1/IAS 27 | Cost on an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| IAS 32 | Financial Instruments: Presentation (cancellable financial instruments and obligations arising on liquidation) |
| IAS 1 | Presentation of Financial Statements |
| IAS 23 | Borrowing Costs |
| IFRS 2 | Share-based Payment (Vesting Conditions and Cancellations) |
| Various | Improvements to IFRS (2008) |
| IAS 39 | Financial Instruments: Measurement and Recognition (Eligible Hedged Items) |
| IAS 27 | Consolidated and Separate Financial Statements in accordance with IFRS |
| IFRS 3 | Business Combinations |

Standards and interpretations not adopted early

| | |
|---|---|
| IFRIC 18 | Transfers of Assets from Customers |
| IFRIC 17 | Distribution of Non-Cash Assets to Owners |
| IFRS 1 | Additional Exceptions for First-time Adopters |
| IFRS 2 | Group Cash-settled Share-based Payment Transactions |
| IFRS 1 | Restructuring of the Standard |
| IFRIC 15 | Agreements for the Construction of Real Estate |
| Various | Improvements to IFRS (2009) |
| IAS 32 | Financial Instruments: Presentation |
| IFRIC 19 | Extinguishing Financial Liabilities with Equity |
| IFRS 1/IFRS 7 | Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters |
| IAS 24 | Related Party Disclosures |
| IFRIC 14 | Prepayments of a Minimum Funding Requirement |

Standards and interpretations published but not yet in force

| | |
|---|---|
| IFRS 9 | Financial Instruments |
| Various | Improvements to IFRS (2010) |

| Compulsory application in the EU | Adoption by EU Commission | Impact |
|---|---|---|
| 1.1.2009 | 1.12.2009 | none |
| 1.1.2009 | 1.12.2009 | none |
| 1.1.2009 | 24.1.2009 | none |
| 1.1.2009 | 22.1.2009 | none |
| 1.1.2009 | 18.12.2008 | none |
| 1.1.2009 | 17.12.2008 | none |
| 1.1.2009 | 17.12.2008 | none |
| various | 24.1.2009 | none |
| 1.7.2009 | 19.9.2009 | none |
| 1.7.2009 | 12.6.2009 | none |
| 1.7.2009 | 12.6.2009 | none |

| Compulsory application in the EU | Adoption by EU Commission | Impact |
|---|---|---|
| 1.11.2009 | 1.12.2009 | being investigated by Management |
| 1.11.2009 | 27.11.2009 | none |
| 1.1.2010 | 24.6.2010 | none |
| 1.1.2010 | 24.3.2010 | being investigated by Management |
| 1.1.2010 | 25.11.2009 | being investigated by Management |
| 1.1.2010 | 23.7.2009 | none |
| 1.1.2010 | 24.3.2010 | being investigated by Management |
| 1.2.2010 | 24.12.2009 | being investigated by Management |
| 1.7.2010 | 24.7.2010 | being investigated by Management |
| 1.7.2010 | 1.7.2010 | none |
| 1.1.2011 | 20.7.2010 | none |
| 1.1.2011 | 20.7.2010 | being investigated by Management |

| Compulsory application in the EU | Adoption by EU Commission | Impact |
|---|---|---|
| 1.1.2013 | open | being investigated by Management |
| various | open | being investigated by Management |

## ACCOUNTING POLICIES

### Recognition of revenues and expenses

Revenues and other operating income are recognised when the services are performed or the significant risks and rewards of ownership of the goods are transferred to the customer. Processing fees are taken into account in accordance with the stage of completion of the processed material.

Operating expenses are recognised when incurred. Interest income and interest expense are recognised in the periods to which they relate. If income or expenses arise as a result of profit and loss transfer agreements, they are recognised at the end of the respective fiscal year. Interest expense from leasing agreements is calculated using the effective interest method. Dividends to which Group companies are entitled are recognised as income at the time that the right to receive them arises.

### Financial instruments

A **financial instrument** is a contract that gives rise to a financial asset of one entity and a financial liability of equity instrument of another entity.

Financial assets comprise in this connection in particular cash and cash equivalents, equity instruments held in other entities (e.g. investments or share portfolios), trade accounts receivable, other loans and receivables granted, and primary and derivative financial instruments that are held for trading. Financial liabilities generally establish a contractual obligation to deliver cash or other financial liabilities. These include in particular bonds and other securitized liabilities, liabilities to banks, trade accounts payable, financial lease liabilities and derivative financial instruments.

Financial instruments are generally recognised as soon as a Group company of Aurubis AG becomes a contractual party to the regulations of the financial instrument. In the Group, regular way purchases and sales of financial instruments are generally recorded as of the settlement date, i.e. at the date of delivery and transfer of title, and in metal trading at the trade date. Derivative financial instruments are recognised as of the trade date. Financial assets and financial liabilities are generally reported gross (i.e. without being netted). Under prevailing law, quoted metal futures contracts are reported netted, observing matching maturities.

**Financial assets** are recognised initially at fair value. Thereby, in the case of financial assets that will not be measured subsequently at fair value through profit or loss, the transaction costs directly attributable to the purchase have to be taken into account. The fair values recognised in the balance sheet generally represent the market prices of the financial assets. If these cannot be determined directly by referring to an active market, they are measured with a normal market procedure (valuation model), applying the market parameters specific to the instrument. Non-interest-bearing financial assets with a term exceeding a year are discounted. For financial assets with a remaining term of less than a year, it is assumed that the fair value corresponds with the nominal value. Financial assets in foreign currency are measured on initial recognition with the valid rate for the day and as at the balance sheet date with the selling rate as at the balance sheet date. Financial assets sold without recourse are derecognised.

The non-current receivables reported in **"other financial fixed assets"** are assigned to the category "loans and receivables" and are measured at amortised cost, applying the effective interest method.

On account of their short maturities, **trade accounts receivable** are measured at nominal value, less allowances for bad debts. A distinction is made between specific allowances and lump-sum specific allowances. The allowances take adequate account of the credit risks, which are determined on the basis of historical experience and individual assessments of the risks. Actual defaults result in derecognition of the receivables affected.

Impairments of trade accounts receivable are recorded through an allowance account. The decision as to whether a credit risk should be taken into account by means of an allowance account or a direct reduction of the receivable depends on the reliability of the assessment of the risk situation.

**Financial assets held for trading** are measured at fair value. These include derivative financial instruments that are not included in an effective hedging relationship in accordance with IAS 39 and therefore have to be classified as held for trading.

In addition, delivery contracts are concluded at Aurubis for non-ferrous metals not only to cover the expected requirement for raw materials and the expected sale of finished products, but also to exploit price fluctuations between short-term and long-term forward prices. Price-fixed metal delivery contracts are therefore also recognised as derivative financial instruments. Since these are not included in an effective hedging relationship in accordance with IAS 39, they are similarly classified as "held for trading".

Gains or losses resulting from the subsequent measurement of "held for trading" financial assets are recognised in profit or loss.

**Other financial assets** are allocated to the category loans and receivables and, to the extent that they are non-current, are measured at amortised cost, applying the effective interest method.

The fixed-interest securities reported under the current assets, all of which are pledged, are allocated to the **held-to-maturity** category. These held-to-maturity financial instruments are measured at amortised cost.

**Cash and cash equivalents** have a remaining term on initial recognition of up to three months and are measured at amortised cost.

The **"available-for-sale"** category represents in the Aurubis Group the residual amount of primary financial assets that fall under IAS 39 and are not assigned to another category. They include the interests in affiliated companies that are reported under financial fixed assets, other investments and fixed asset securities. They are generally measured at fair value, which is derived from the stock market price, provided a price quoted in an active market is available. Subsequent gains and losses resulting from measurement at fair value are recognised directly in equity. This does not apply if these are permanent or significant impairment losses and foreign-currency-related changes in the value of debt instruments, which are recognised in profit or loss. The accumulated gains or losses on measurement at fair value that are recorded in equity are only recognised in profit or loss on disposal of the financial assets. If the fair value of non-quoted equity instruments cannot be reliably determined, the interests are measured at cost, if appropriate net of impairment losses.

No financial instruments were reclassified into other measurement categories either in fiscal year 2009/10 or in fiscal year 2008/09.

An impairment loss is recognised in the Aurubis Group if the carrying amount of a financial asset is higher than the present value of the future cash flows. The test of whether impairment exists is carried out at every balance sheet date. Indications such as considerable financial problems on the part of the debtor can be referred to in order to determine objectively whether impairment has incurred.

For the question of impairment, the existing credit relationships that are assigned to the category “loans and receivables” shall be analysed and they shall then be measured subsequently at amortised cost. In addition, the financial assets of the held-to-maturity category shall be investigated. It shall be investigated at every balance sheet date whether there are objective indications of impairment that should be recognised in the financial statements. The amount of the loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows, discounted with the original effective interest rate of the financial instrument (recoverable amount). Thereby, cash flows from short-term receivables are not discounted, for the sake of simplicity. The carrying amount of the asset shall be reduced to the recoverable amount through profit or loss by a direct write-down or by using an allowance account.

For equity instruments of the “available-for-sale” category, an impairment loss is recognised if fair value is permanently significantly lower than the original cost. The loss is the difference between the current fair value and the carrying amount of the financial instrument. While reversals of impairment losses on debt instruments shall be recognised in profit or loss, in the case of equity instruments they may only be recognised in equity.

**Financial liabilities** are initially recognised at fair value. The directly attributable transaction costs are also recognised for all financial liabilities that are not subsequently measured at fair value and amortised over the term applying the effective interest method. Financial liabilities in foreign currency are valued on initial recognition with the valid rate for the day and as at the balance sheet date with the buying rate as at the balance sheet date.

**Primary financial liabilities,** which include borrowings, trade accounts payable and other primary financial liabilities, are fundamentally measured at amortised cost. If the interest effect is not insignificant, non-interest-bearing liabilities or liabilities at low interest rates with a term exceeding one year are discounted. In the case of liabilities with a term of less than a year, it is assumed that the fair value corresponds with the settlement amount.

**Liabilities under finance leases** are recognised on inception of the lease at the lower of the present value of the leasing payments and the fair value of the leased asset. In subsequent periods, the redemption portions included in the leasing payments reduce the corresponding liabilities.

**Derivative financial instruments** that are not included in effective hedging relationships must be classified as **“held-for-trading”** and therefore recognised at fair value through profit and loss. If this is negative, this results in the recognition of a financial liability.

The Aurubis Group uses **derivative financial instruments** to hedge interest rate and foreign currency risks and to hedge non-ferrous metal price risks.

Derivative financial instruments are measured at fair value. This represents the market value and can be both positive and negative. If the market value is not available, this is calculated with present value and option price models. As far as possible, the relevant market prices and interest rates observed at the balance sheet date, which are derived from recognised sources, are used as the opening parameters for these models.

Changes in the fair values of derivative financial instruments are recognised either through profit or loss in the income statement or directly in equity. Thereby, what is decisive is whether or not the derivative financial instrument is included in an effective hedging relationship. If no **hedge accounting** exists, the changes in fair values shall be recognised immediately in profit or loss. If on the other hand an effective hedging relationship exists, this will be accounted for as such.

In order to avoid fluctuations in the income statement due to the different measurement of hedged items and hedging instruments, IAS 39 includes special regulations on hedge accounting. The aim of these hedge accounting regulations is to record gains and losses on hedging instruments and hedged items so that they compensate one another as far as possible.

In addition to documentation, IAS 39 requires for the application of the regulations of hedge accounting proof of an effective hedging relationship. Hedge effectiveness means that changes in fair value (for fair value hedges) or changes in cash flow (for cash flow hedges) of the hedged items are compensated by the changes in the opposite direction in the fair value or the changes in the cash flows of the hedging instruments, in each case relating to the hedged risk.

The purpose of derivatives that are used as hedging instruments in conjunction with a **cash flow hedge** is to hedge the exposure to variability in future cash flows. A risk with regard to the amount of future cash flows exists in particular for loans at floating interest rates and planned transactions that are highly likely to occur. Derivative financial instruments used in conjunction with cash flow hedge accounting are recognised at market value. The gain or loss on measurement is split between an effective and an ineffective portion. The effective portion is the portion of the gain or loss on measurement that represents an effective hedge of the cash flow risk. This is recognised directly in equity under a special heading (cash flow hedge reserve), after taking into account deferred taxes. The ineffective portion of the valuation result on the other hand is recognised in profit or loss in the income statement. The general recognition rules for the transactions underlying the hedged cash flows do not change. Following the termination of the hedging relationship, the amounts recorded in the reserve are always transferred to the income statement when gains or losses in connection with the hedged item are recognised in profit or loss.

The purpose of **fair value hedges** is to hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment. The Aurubis Group uses fair value hedges in conjunction with interest rate hedging. Thereby, interest rate swaps are used to hedge changes in the fair value of borrowings. In accordance with the regulations on fair value hedge accounting, the derivative financial instrument used as a hedging instrument is recognised at fair value, whereby gains and losses on measurement are recognised in profit or loss in the income statement. For the hedged asset or the hedged liability, changes in the market value resulting from the hedged risk must also be recognised in profit or loss in the income statement. The gains or losses on measurement from the hedged item relating to the hedged risk are recognised in profit or loss together with the gains or losses on the hedging instrument. Fair value hedge accounting was not applied in the Aurubis Group during the reporting period.

The Aurubis Group furthermore enters into hedging relationships that do not satisfy the strict requirements of IAS 39 and cannot therefore be accounted for in accordance with the regulations on hedge accounting. Despite this, these hedging relationships comply from an economic point of view with the principles of risk management. Moreover, no hedge accounting is applied in the case of the monetary assets and liabilities recognised in connection with the foreign currency hedging, because the gains and losses on the hedged items that have to be realised on the foreign currency translation in accordance with IAS 21 in profit or loss are accompanied by gains and losses on the derivative hedging instruments and more or less compensate one another in the income statement.

Financial assets und financial liabilities that fall under IAS 39 could under certain circumstances by allocated irrevocably on initial recognition to the subcategory “fair value option”. The Aurubis Group has not made use of the fair value option either for financial assets or for financial liabilities.

## Fixed assets

If intangible assets are acquired, they are recognised at acquisition cost. Internally generated intangible assets that will generate future economic benefit are recognised at their creation cost, if they are technically feasible. They are amortised systematically straight-line over their expected useful lives of generally three years. With the exception of goodwill, the consolidated financial statements do not include any intangible assets with indefinite useful lives.

Property, plant and equipment used in the business operations for more than one year are measured at acquisition or construction cost less systematic depreciation. Construction costs include all direct costs as well as a reasonable share of the construction-related overheads. No borrowing costs had to be capitalised in the past fiscal year. Systematic depreciation is recorded using the straight-line method. The depreciation periods used correspond to the expected economic useful lives in the Group. The following main useful lives are applied:

| | |
|---|---|
| Buildings | 25 to 40 years |
| Site installations | 10 to 25 years |
| Technical equipment and machinery | 5 to 20 years |
| Factory and office equipment | 3 to 20 years |

General overhauls or maintenance measures resulting in the replacement of components are recognised as an asset if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably.

Leased property, plant and equipment that satisfy the criteria of IAS 17 for a finance lease are recognised within the fixed assets. This is the case if all significant risks and rewards of economic ownership lie with the respective Group company.

Such property, plant and equipment are recognised at fair value or, if lower, at the present value of the minimum lease payments, and depreciated using the straight-line method over the lease term or, if it is expected that ownership will be obtained at the end of the lease term, over the economic useful life. The future lease payment obligations are recognised as a liability at their present value.

Assets that have an indefinite useful life, such as goodwill, are not amortised systematically, but are tested for impairment each year. Assets that are systematically amortised are tested for impairment if events or changes in circumstances indicate that the carrying amount might not be recoverable. Impairment losses are recorded in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and its value in use. For impairment tests, assets are combined at the lowest level for which cash flows can be separately identified (cash-generating units). With the exception of goodwill, non-cash assets, on which impairment losses were recognised in the past, shall be investigated as at each balance sheet date to see whether the impairment losses possibly have to be reversed.

Buildings held as investment property are measured at amortised cost less systematic straight-line depreciation in accordance with the aforementioned useful lives for buildings.

## Inventories

Inventories are measured at acquisition or production cost. Production cost includes all direct costs as well as a reasonable share of the production-related overheads. In accordance with IAS 2, all interchangeable inventories are valued applying the average cost method. Metal inventories that are tied up permanently in the production process, on the other hand, are measured at historical cost. The net sales price is determined as a general rule on the basis of the exchange or market prices as at the balance sheet date or the higher already contractually agreed sales prices if the price-fixed agreements are not already recognised as derivative financial instruments at their fair value for the respective Group company.

Without the provision of additional information, the sequence of consumption procedure prescribed by IAS 2 for the valuation of inventories results in considerable discontinuity and a loss of comparability. The operating activities of the Aurubis Group would accordingly not be appropriately presented. The impact of the revaluation of LIFO inventories on the respective items is therefore presented separately in these consolidated financial statements.

### Other non-financial assets

Other non-financial assets are recognised at amortised cost. Any risk in the non-financial assets is provided for by write-downs.

### Deferred taxes

In accordance with IAS 12, deferred taxes are recognised on all differences between the tax bases of individual companies and the corresponding carrying amounts under IFRS, provided these differences result in future taxable or deductible amounts and will reverse in the future. Deferred tax assets are recognised to the extent that they can be used. Tax loss carryforwards are taken into account if they are realisable within a foreseeable planning horizon. Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority and can be set off against each other.

### Provisions

Provisions for pension and similar obligations are determined in accordance with the projected unit credit method prescribed by IAS 19 based on actuarial reports. The demographic assumptions applied as well as the expected salary and pension trends and the discount rate to be used are determined on the basis of current estimates as of the balance sheet date. Accordingly, actuarial gains and losses can result from deviations between the actual parameters and the assumptions used for the calculation.

In accordance with the corridor method described in IAS 19, actuarial gains and losses at the beginning of the fiscal year are amortised if they exceed 10 % of the defined benefit obligation or the fair value of plan assets at the beginning of the fiscal year. The amount recognised for the period then comprises the amount exceeding the corridor allocated over the remaining working lives of the employees participating in the pension plan. The interest portion included in the pension costs is recorded in the financial result as net interest expense.

Other provisions are recognised for all other uncertain obligations and risks of the Aurubis Group, for which an obligation to third parties results from past events, the settlement of which is expected to result in an outflow of cash resources, and the amount of which can be reliably estimated. If the effect of the time value of money is material, non-current provisions are recognised at their present value.

### Other non-financial liabilities

Other non-financial liabilities are recognised at amortised cost.

### Share-based compensation components

For the last time in 2009/10, senior staff and non-tariff staff in the Aurubis Group have been able to participate in a share-based compensation component with cash in lieu, for which the recognition and measurement regulations of IFRS 2 have to be applied. This is a virtual stock option plan.

The resultant liability is measured in accordance at the fair value of the issued options. The resultant personnel expenses are recognised pro rata temporis in profit or loss over the waiting period of the options. The fair value is recalculated for each balance sheet date during the blocking period and until the options are exercised. The basis for this is provided by option price models (binomial model and Monte Carlo simulation), depending on what was promised by the programme, taking into account changes in the measurement parameters. The impact on the financial statements for 2009/10 is shown in the explanations on the personnel expenses in Note 5.

# NOTES TO THE INCOME STATEMENT

## 1] Revenues

### By product groups

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Continuous cast wire rod | 3,780,225 | 2,175,695 |
| Copper cathodes | 2,360,887 | 2,036,336 |
| Precious metals | 1,930,227 | 1,327,095 |
| Continuous cast shapes | 822,420 | 415,101 |
| Pre-rolled strip, strips and profiles | 138,793 | 120,840 |
| Sulphuric acid | 50,680 | 61,808 |
| Other | 782,137 | 550,003 |
| | 9,865,369 | 6,686,878 |

A further breakdown of Aurubis Group revenues by Group segments is provided in the segment reporting on pages 152 to 153 of this report.

## 2] Own work capitalised

Own work capitalised of € 5,004 thousand (€ 6,722 thousand in the prior year) primarily includes production costs and purchased materials.

## 3] Other operating income

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Cost reimbursements and services for third parties | 13,074 | 12,911 |
| Income from commission and refunded freight payments | 7,421 | 6,169 |
| Damages and indemnities | 2,275 | 894 |
| Income from the reversal of provisions | 814 | 571 |
| Gains on disposal of fixed assets | 48 | 189 |
| Other income | 23,831 | 10,314 |
| *– of which rent received on investment property* | *108* | *108* |
| | 47,463 | 31,048 |

The income from the reversal of provisions includes the reversal of a VAT tax provision of € 7,870 at Aurubis Bulgaria AD, Pirdop (€ 0 thousand in the prior year).

## 4] Cost of materials

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Raw materials, supplies and merchandises | 8,801,691 | 5,821,488 |
| *– thereof from revaluation of LIFO inventories using the average cost method* | *(180,898)* | *90,462* |
| Cost of purchased services | 217,037 | 243,322 |
| | 9,018,728 | 6,064,810 |

Cost of materials rose in line with the increased revenues. Taking into account the changes in inventories, the cost of materials ratio decreased slightly to 90.1 % (92.9 % in the prior year).

## 5] Personnel expenses and human resources

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Wages and salaries | 237,662 | 208,889 |
| Social security, pension and other benefit expenses | 57,138 | 60,627 |
| | 294,800 | 269,516 |

The pension expenses primarily comprise allocations to the provisions for pensions and to externally funded pension plans.

A share-based compensation component with cash in lieu has been in force for the Executive Board, senior staff and non-tariff staff in the Aurubis Group since fiscal year 2004/05 in the form of a virtual stock option plan. The prerequisite for participation is that the respective senior staff must hold a certain number of Aurubis shares. The options granted can be exercised after a waiting period of three years, at the earliest however after the third ordinary Annual General Meeting since the commencement of the term of the respective tranche. They must be exercised within a year. The right to exercise the options and the amount of the payments to each participant are determined on the basis of two performance criteria, which depend firstly on the absolute increase in the Aurubis share price and secondly on the performance of Aurubis shares compared with the CDAX as the reference index.

The granted entitlements to share options have developed as follows:

| Options | 3rd tranche | 4th tranche | 5th tranche | 6th tranche | 7th tranche | Total |
|---|---|---|---|---|---|---|
| **Outstanding options as at 1.10.2009** | **25,250** | **420,100** | **609,200** | **673,000** | **0** | **1,727,550** |
| Options granted in the fiscal year | 0 | 0 | 0 | 0 | 524,500 | 524,500 |
| Options realised in the fiscal year | 1,000 | 0 | 11,000 | 14,000 | 2,500 | 28,500 |
| Options expired in the fiscal year | 0 | 0 | 0 | 0 | 0 | 0 |
| Options exercised in the fiscal year | 24,250 | 411,850 | 0 | 0 | 0 | 436,100 |
| **Outstanding options as at 30.9.2010** | **0** | **8,250** | **598,200** | **659,000** | **522,000** | **1,787,450** |
| Options exercisable as at 30.9.2010 | 0 | 0 | 0 | 0 | 0 | 0 |

The weighted average remaining contract term for all options is 24 months. The average value of the options exercised in the past fiscal year amounted to € 15.78 (€ 6.22 in the prior year).

The resultant personnel expenses from the stock option plan are recognised in profit or loss pro rata temporis over the waiting period of the options. In the past fiscal year these amounted to € 9,416 thousand (€ 2,765 thousand in the prior year). The options issued are measured at fair value with the help of two option price models (absolute amount by means of a binomial model and relative hurdle by means of a Monte Carlo simulation) both for Aurubis shares and for the CDAX reference index.

The share and index performance at future dates is simulated as part of a Monte Carlo simulation. Fair value is recalculated as at each balance sheet date during the blocking period and until the options are exercised, on the basis of the option price models, taking into account changes in the measurement parameters. The fair value per option right as at 30 September 2010 was between € 3.50 and € 16.58 (between € 3.42 and € 9.68 in the prior year), while the provision for this as of the balance sheet date amounted to € 9,162 thousand (€ 5,742 thousand in the prior year).

The following parameters were assumed:

| | |
|---|---|
| Non-risk interest rate | 0.97 % – 1.57 % |
| Aurubis AG share price as at valuation date | € 34.96 |
| Aurubis AG share volatility | 35.21 % |
| CDAX performance as at valuation date | 545.46 |
| CDAX volatility | 19.81 % |
| Aurubis AG / CDAX correlation | 72.05 % |

The expected volatility was determined on the basis of the historical development of the share price, because there were no implicit volatilities.

The average number of employees in the Group during the year was as follows:

| | 2009/10 | 2008/09 |
|---|---|---|
| Blue collar | 2,962 | 2,962 |
| White collar | 1,549 | 1,524 |
| Trainees and apprentices | 243 | 229 |
| | 4,754 | 4,715 |
| – *(thereof number of employees in joint ventures)* | *143* | *141* |

## 6] Depreciation and amortisation

Depreciation and amortisation for the Group on intangible assets and property, plant and equipment totalled € 106,459 thousand (€ 105,584 thousand in the prior year). This comprises depreciation of € 101,502 thousand (€ 96,128 thousand in the prior year) on property, plant and equipment, amortisation of € 4,950 thousand (€ 9,449 thousand in the prior year) on intangible assets and depreciation of € 7 thousand (€ 7 thousand in the prior year) on investment property.

In the past fiscal year, depreciation and amortisation included impairment losses of € 174 thousand (€ 5,846 thousand in the prior year).

A breakdown of depreciation and amortisation on intangible assets, property, plant and equipment and financial assets is provided in the details of changes in fixed assets on pages 108 to 109 in this report.

## 7] Other operating expenses

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Selling expenses | 79,335 | 60,917 |
| Administrative expenses | 48,217 | 50,358 |
| Other taxes | 2,401 | 3,099 |
| Sundry expenses | 34,076 | 39,132 |
| | 164,029 | 153,506 |

The selling expenses mainly comprise freight costs.

## 8] Result from investments

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Income from investments | 490 | 560 |
| Income from profit and loss transfer agreements | 4 | 6 |
| | 494 | 566 |

Income from investments comprises dividends from non-consolidated subsidiaries.

## 9] Interest, similar income and expenses

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Interest income | 10,316 | 15,089 |
| Interest expense | (38,814) | (53,028) |
| | (28,498) | (37,939) |

Interest and similar expenses include the interest component of the pension expenses in the amount of € 5,979 thousand (€ 7,110 thousand in the prior year).

## 10] Income taxes

Income taxes comprise income taxes paid or owed and deferred taxes. Income tax expense including deferred taxes is made up as follows:

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Current taxes | 31,767 | 32,841 |
| Deferred taxes | 89,568 | (52,129) |
| *– thereof from the revaluation of LIFO inventories using the average cost method* | *56,811* | *(39,459)* |
| | 121,335 | (19,288) |

Current taxes include back-payments for prior years of € 663 thousand (€ 882 thousand in the prior year), while deferred taxes include the effects from the corrections of the tax base of € – 979 thousand (€ – 1,474 thousand in the prior year).

The rise in deferred tax liabilities is mainly due to the fiscally differing valuation of inventories using the average cost method.

The applicable German corporate income tax for fiscal year 2009/10 specifies a legal tax rate of 15 % (15 % in the prior year), plus a solidarity surcharge of 5.5 % (5.5 % in the prior year). As in the prior year, trade tax amounts to 16.45 % of the taxable income. A lower trade tax rate is applicable for the other German group companies. The foreign companies are subject to their national income tax which varies between 10 % and 33.99 % (10 % and 33.99 % in the prior year). Aurubis Switzerland is still exempt from income taxes until the end of 2011. The "notional interest deduction" is a special feature to be observed in Belgian tax law, which results in a lower assessment basis for the current taxes of Aurubis Belgium in the reporting period of € 25,360 thousand (€ 20,489 thousand in the prior year).

Deferred taxes result from the different timing of carrying amounts between the tax bases of the companies and the consolidated balance sheet. They are calculated using the balance sheet oriented liability method and the tax rates expected at the time of realisation. These are generally based on the legal situation applying as of the balance sheet date in the respective countries.

In accordance with IAS 12.81(c), the actual tax expense has to be reconciled to the tax charge that would have resulted if the theoretical tax rates were applied to the reported consolidated pre-tax earnings.

The Group tax position is to a significant degree a combination of international tax rates. As a consequence, the German tax rate (32.28 %) does not form the basis of the calculated group tax rate, but instead a group-wide mixed tax rate of 28.83 % (26.60 % in the prior year).

**Reconciliation**

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Earnings before taxes | 447,082 | (65,394) |
| Theoretical tax charge at 28.83 % (26.60 % in the prior year) | 128,889 | (17,397) |
| Changes in the theoretical tax charge due to: | | |
| – changes in tax rate | 43 | 564 |
| – non-recognition and correction of deferred taxes | 88 | 670 |
| – taxes for prior years | (316) | (592) |
| – increase (capitalisation) of corporate income tax credit | (170) | (191) |
| – non-deductible expenses | 3,095 | 4,269 |
| – non-taxable income | (546) | (829) |
| – notional interest deduction (Belgium) | (8,620) | (6,964) |
| – other | (1,128) | 1,182 |
| **Income taxes** | **121,335** | **(19,288)** |
| *– thereof from revaluation of LIFO inventories using the average cost method* | *56,811* | *(39,459)* |

The following deferred tax assets and liabilities result from recognition and measurement differences in individual balance sheet items and from tax loss carryforwards:

| in € thousand | 2009/10 Deferred tax assets | 2009/10 Deferred tax liabilities | 2008/09 Deferred tax assets | 2008/09 Deferred tax liabilities |
|---|---|---|---|---|
| Intangible assets | 9,308 | 14,960 | 4,139 | 8,912 |
| Property, plant and equipment | 939 | 87,604 | 600 | 89,296 |
| Financial fixed assets | 1,702 | 277 | 807 | 0 |
| Inventories | 7,809 | 183,705 | 1,880 | 110,393 |
| *– thereof from revaluation of LIFO inventories using the average cost method* | *0* | *107,847* | *0* | *51,036* |
| Receivables and other assets | 2,687 | 70,745 | 6,762 | 55,585 |
| Pension provisions | 4,891 | 7 | 4,523 | 563 |
| Other provisions | 12,884 | 417 | 25,393 | 464 |
| Liabilities | 61,869 | 3,088 | 46,417 | 4,330 |
| Tax loss carryforwards | 7,664 | 0 | 13,452 | 0 |
| Outside basis differences | 0 | 803 | 0 | 127 |
| Offsetting | (104,571) | (104,571) | (102,540) | (102,540) |
| **Per consolidated balance sheet** | **5,182** | **257,035** | **1,433** | **167,130** |

Deferred tax assets are only recognised to the extent to which the respective benefits will probably be realised. Based on the forecast profit expectations of the subsidiaries, it is assumed in accordance with IAS 12.34 that the tax loss carryforwards will be utilised to the extent that this is probable. Losses in Bulgaria can only be carried forward for five years, but in the other countries for an unlimited time.

Total tax loss carryforwards amount to € 58,027 thousand (€ 126,625 thousand in the prior year). No deferred taxes have been recognised on trade tax loss carryforwards of € 8,356 thousand (€ 1,645 thousand in the prior year).

The amount of deferred taxes resulting from cash flow hedges charged or credited directly in other comprehensive income (OCI) has changed, after offsetting, compared with the prior year (deferred tax liabilities of € 2,485 thousand) to deferred tax assets of € 869 thousand.

The recognition of corporate income tax credits and increases on account of Section 37 paragraph 2 German Corporate Income Tax Act resulted in net income of € 170 thousand in the year under review (€ 191 thousand in the prior year).

Additional claims are improbable, so that no provisions have been set up.

## 11] Income attributable to non-controlling interests

Of the reported net income for 2009/10 of € 325,747 thousand (net loss in the prior year of € 46,106 thousand), income of € 1,525 thousand (€ 973 thousand in the prior year) is attributable to shareholders other than the shareholders of Aurubis AG, Hamburg. This relates to the interests of outside shareholders in Deutsche Giessdraht GmbH, Emmerich and Aurubis Bulgaria AD, Pirdop.

## 12] Earnings per share

Basic earnings per share are calculated by dividing the consolidated net income excluding the non-controlling interests by the weighted average number of shares outstanding during the fiscal year.

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Consolidated net income (loss in the prior year) excluding non-contolling interests | 324,222 | (47,079) |
| Weighted average number of shares (in thousand) | 40,870 | 40,870 |
| **Basic earnings per share in €** | **7.93** | **(1.15)** |
| *– thereof from revaluation of LIFO inventories using the average cost method* | *3.24* | *(2.43)* |

Diluted earnings per share are determined by adding to the weighted average of the shares outstanding in the fiscal year the maximum number of shares, which could be issued if all conversion rights on convertible bonds were exercised. Where applicable, the consolidated net income is increased at the same time by the interest expense incurred on convertible bonds less the corresponding taxes.

Since conversion rights on convertible bonds existed neither in the reporting year nor in the prior year, the diluted earnings per share correspond for the Aurubis Group with the basic earnings per share.

## NOTES TO THE BALANCE SHEET

### 13 ] Fixed assets

The breakdown and development of the Group's fixed assets are presented in the financial statements in this report on pages 108 to 109.

Intangible assets comprise licences acquired for a consideration and goodwill on consolidation arising in the Aurubis Group. As in the prior year, most of the goodwill relates in the amount of € 6,322 thousand to the cash-generating unit of Aurubis Stolberg GmbH & Co. KG, Stolberg, and in the amount of € 17,439 thousand to synergy effects between the Copper Products cash-generating unit at Aurubis AG, Hamburg, and Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg. Investments in connection with an electricity supply agreement were capitalised in 2009/10 under the licences acquired for a consideration.

As part of the purchase price allocation of the Cumerio Group in fiscal year 2007/08, an intangible asset in the amount of € 10,174 thousand was capitalised for acquired technological know-how at Aurubis Switzerland S.A., Yverdon-les-Bains. The intangible asset has an expected useful life of four years and is being amortised systematically. The carrying amount as at 30 September 2010 was € 5,838 thousand (€ 7,251 thousand in the prior year).

As prescribed by IAS 36, goodwill was not amortised systematically in the fiscal year. The regular impairment tests also did not result in a need for any write-downs. The goodwill is allocated to cash-generating units for the purpose of the impairment tests. The allocation is made to those cash-generating units or groups of cash-generating units which are expected to benefit from the business combination which gave rise to the goodwill. The impairment tests are performed applying the discounted cash flow method.

In the course of this, the expected cash flows in the Group budgets for the next four years are rolled forward and discounted to the balance sheet date. As at 30 September 2010, the discounting was performed applying an interest rate of 5.3 % – 9.0 % after tax or 7.3 % – 12.0 % before tax (5.8 % after tax or 8.1 % before tax in the prior year). In addition to future expectations in the market and industry, the group budgets also refer to historical experience when forecasting cash flows. The growth rate applied amounts to 1.0 % as in the prior year.

Development costs have been recognised in all the cases where they completely fulfil the criteria of IAS 38 for capitalisation. In the reporting year, these included a share in the development costs in the amount of € 3,811 thousand at CIS Solartechnik GmbH & Co. KG, Bremerhaven. Research costs are recognised in profit or loss for the respective periods.

Rented or leased property, plant and equipment totalled € 29,041 thousand (€ 30,687 thousand in the prior year). This mainly consists of ships and tanks for the transportation and storage of sulphuric acid as well as facilities for handling, storing and transporting copper concentrates in Brunsbüttel. The carrying amount of the leased facilities includes carrying amounts for ships for transporting copper concentrates and sulphuric acid in the amount of € 8,578 thousand (€ 9,428 thousand in the prior year) and carrying amounts for the storehouse for storing copper concentrates in Brunsbüttel in the amount of € 7,198 thousand (€ 7,641 thousand in the prior year). Part of the lease payments is adjusted annually to the indexed price trend for commercial products. The remaining leases are generally based on fixed rental arrangements. Collateral has not been provided for them.

As at 30 September 2010, Group fixed assets with a carrying amount of € 17,895 thousand were pledged as security for loans (€ 17,895 thousand in the prior year). Purchase commitments for property, plant and equipment amounted at that date to € 9,056 thousand (€ 16,450 thousand in the prior year).

The fair value of all land and buildings held as investment property amounted to € 1,083 thousand as in the prior year. The fair values are determined on the basis of an appraisal. The rental income expected on this as at 30 September 2010 amounted to € 542 thousand as in the prior year, of which € 108 thousand is due within one year. The directly attributable operating expenses are insignificant.

The interests in affiliated companies and other investments included in the financial fixed assets in the amount of € 1,150 thousand (€ 895 thousand in the prior year) are classified as "available-for-sale". In the past fiscal year, all interests in affiliated companies were measured at amortised cost since it would only be possible to ascertain the market value reliably within the context of concrete sales negotiations. These interests are not quoted and there is no active market. It is not planned to sell the interests at present.

The other loans reported in financial fixed assets include neither overdue nor impaired items.

A detailed overview of the investments included in the financial assets of Aurubis AG is presented on page 160 in this report.

As regards the other loans that are neither impaired nor in default of payment, there was no indication as at the current balance sheet date that the debtors will not fulfil their payment obligations.

Financial assets still mainly comprise investments in Salzgitter AG, Salzgitter.

## 14] Inventories

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Raw materials and supplies | 745,178 | 463,377 |
| Work in process | 538,102 | 466,088 |
| Finished goods, merchandise | 233,057 | 162,486 |
| Payments on account of inventories | 1,174 | 1,676 |
| | **1,517,511** | **1,093,627** |
| *– thereof from revaluation of LIFO inventories using the average cost method* | *334,472* | *144,932* |

Since fiscal year 2005/06, the revision of IAS 2 has required a change in the sequence of the consumption process. Instead of the LIFO method previously applied, interchangeable inventories are measured in the accompanying financial statements using the average cost method. This results in an increase of € 334,472 thousand (€ 144,932 thousand in the prior year) in the carrying amount of the inventories compared with the LIFO method applied until fiscal year 2004/05.

In the fiscal year, inventories were written up by € 23,099 thousand (€ 41,560 thousand in the prior year) due to the rise in the metal prices.

## 15] Trade accounts receivable

Trade accounts receivable as of 30 September 2010 and as of 30 September 2009 were due within one year.

The age structure of trade accounts receivable is as follows:

| in € thousand | Carrying amount | thereof: neither past due nor impaired as at the balance sheet date | thereof: not impaired as at the balance sheet date and due in the following time bands: in less than 30 days | between 30 and 180 days | more than 180 days |
|---|---|---|---|---|---|
| **as at 30.9.2010** | | | | | |
| Trade accounts receivable | 437,384 | 419,829 | 14,062 | 2,507 | 986 |
| **as at 30.9.2009** | | | | | |
| Trade accounts receivable | 269,503 | 245,087 | 18,756 | 4,994 | 666 |

The allowances on trade accounts receivable relate to the total write-down on receivables from customers, mainly comprising receivables at Aurubis Stolberg GmbH & Co KG.

Movements on the allowances for trade accounts receivable are as follows:

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Specific allowances | | |
| Balance at beginning of fiscal year | 444 | 1,926 |
| Allowances in the period | 262 | (1,482) |
| *Additions* | *477* | *169* |
| *Reversal* | *(212)* | *(1,651)* |
| *Exchange rate changes* | *(3)* | *0* |
| **Balance at end of fiscal year** | **706** | **444** |

All expenditure and income from allowances and write-offs of trade accounts receivable are shown under other operating expenses or other operating income.

As regards the trade accounts receivable, which have neither been impaired nor is payment in arrears, there is no indication as at the balance sheet date that the debtors will not fulfil their payment obligations.

Default risks on trade accounts receivable are largely covered by trade credit insurance. Apart from this, no further collateral is available to the Aurubis Group.

## 16] Receivables and other assets

Other receivables and other assets comprise other financial and other non-financial assets.

Other financial assets were made up as follows as at the balance sheet date:

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| **Non-current (with residual term of more than 1 year)** | | |
| Over-funding of pension funds | 25,482 | 26,134 |
| Derivative financial instruments of the held-for-trading category | 56,377 | 21,588 |
| Derivative financial instruments as hedging instruments as part of hedge accounting | 6,629 | 7,716 |
| Other non-current financial assets | 7,077 | 7,945 |
| **Non-current financial assets** | **95,565** | **63,383** |
| **Current (with residual term of less than 1 year)** | | |
| Derivative financial instruments of the held-for-trading category | 56,411 | 76,918 |
| Derivative financial instruments as hedging instruments as part of hedge accounting | 15,474 | 19,025 |
| Receivables from related parties | 3,969 | 524 |
| Other current financial assets | 23,027 | 14,465 |
| **Current financial assets** | **98,881** | **110,932** |

Receivables from related parties primarily comprise receivables from Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg, which is consolidated proportionately, and receivables from affiliated non-consolidated subsidiaries.

Derivative financial instruments of the held-for-trading category with a term of more than one year are reported as non-current due to their economic hedging relationship.

The other current financial assets include a continuing involvement from late payment risks for factoring transactions of current trade accounts receivable in the amount of € 1,706 thousand. A liability of € 2,089 thousand was recognized in connection with the continuing involvement. In total, outstanding receivables in the amount of € 256 million had been sold to factoring companies as at the balance sheet date.

With the exception of the asset amount resulting from the over-funding of pension funds and interest derivatives, there is no interest rate risk for any receivable or other asset. Further information on the asset resulting from over-funding of pension funds is provided in Note 20 Pension provisions and on the interest derivatives in Note 25 Financial instruments.

The allowances on other financial assets are reported in the following table:

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| **Specific allowances** | | |
| Balance at beginning of fiscal year | 240 | 400 |
| Allowances in the period | 259 | (160) |
| *Additions* | *259* | *0* |
| *Reversal* | *0* | *(160)* |
| *Exchange rate changes* | *0* | *0* |
| **Balance at end of fiscal year** | **499** | **240** |

In the past fiscal year, allowances of € 259 thousand were recorded on other financial assets, which were reported in other operating expenses. In the prior year, income of € 160 thousand from the reversal of write-downs was reported under other operating income.

As regards other financial assets that have neither been impaired nor is payment in arrears, there is no indication as of the balance sheet date that the debtors will not fulfil their payment obligations.

The breakdown of other non-financial assets as at the balance sheet date is as follows:

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| **Non-current (with residual term of more than 1 year)** | | |
| Receivables from income taxes | 8 | 22 |
| Other non-current non-financial assets | 35 | 0 |
| **Non-current non-financial assets** | **43** | **22** |
| **Current (with residual term of less than 1 year)** | | |
| Receivables from income taxes | 24,776 | 10,320 |
| Other current non-financial assets | 83,498 | 60,986 |
| **Current non-financial assets** | **108,274** | **71,306** |

The other current non-financial assets mainly comprise VAT receivables at Aurubis AG, Hamburg, and Aurubis Bulgaria AD, Pirdop.

## 17] Short-term security investments

These are fixed-interest securities.

## 18] Cash and cash equivalents

Cash and cash equivalents consist of current accounts and time deposits, as well as cash in hand and cheques. Deposits at the banks are mostly euro deposits at various banks.

## 19] Equity

The share capital amounts to € 104,626,557.44 and is divided into 40,869,749 no-par-value bearer shares, each with a notional interest of € 2.56.

The Executive Board is empowered, subject to the approval of the Supervisory Board, to increase the share capital by 29 March 2011 by up to € 38,046,026.24 by issuing new shares once or in several instalments for a cash contribution or a contribution in kind.

The share capital has been conditionally increased by up to € 52,313,277.44 by issuing up to 20,434,874 new no-par-value bearer shares with a proportionate notional amount per share of € 2.56 of the share capital (conditional capital increase). It will be used to grant rights to the holders and creditors of bonds with warrants and / or convertible bonds and profit participation rights and / or participating bonds that can be issued by 2 March 2015.

Generated Group equity comprises consolidated net income, the retained earnings of all Group companies, the accumulated unappropriated earnings of the subsidiaries since their initial consolidation and the accumulated amounts resulting from consolidation adjustments recognised in profit or loss.

The legal reserve of € 6,391 thousand, which is not available for dividend payments, is also included in this amount. The change in the generated Group equity from € 723,481 thousand at the beginning of the fiscal year to € 1,021,138 thousand as at 30 September 2010 includes the dividend payment of € 26,565 thousand and the consolidated net income for fiscal year 2009/10 of € 324,222 thousand.

Changes in accumulated other comprehensive income of altogether € – 16,884 thousand (€ 1,700 thousand in the prior year) are mainly comprised of gains and losses of € – 5,578 thousand (€ 8,345 thousand in the prior year) on market valuations of derivative financial instruments in conjunction with cash flow hedges and of € – 14,253 (€ – 2,483 thousand in the prior year) on market valuations of fixed financial assets.

The non-controlling interests comprise the interests of non-group shareholders in the equity of a fully consolidated company. This relates as at 30 September 2010 to Deutsche Giessdraht GmbH, Emmerich, and Aurubis Bulgaria AD, Pirdop.

A detailed statement of changes in equity is presented in the financial statements on pages 106 to 107.

## Proposed appropriation of earnings

The separate financial statements of Aurubis AG, Hamburg, have been prepared in accordance with German GAAP (HGB – German Commercial Code).

in €

| | |
|---|---|
| Net income for the year of Aurubis AG | 89,753,512.52 |
| Profit brought forward from the prior year | 39,964,394.61 |
| Allocations to other revenue reserves | 44,876,000.00 |
| **Unappropriated earnings** | **84,841,907.13** |

We will propose to the Annual General Meeting that Aurubis AG's unappropriated earnings of € 84,841,907.13 be used to pay a dividend of € 1.00 per no-par-value share (= € 40,869,749.00) and that € 43,972,158.13 be carried forward.

The 40,869,749 dividend-entitled no-par-value shares for fiscal year 2009/10 at the time of the proposal of the appropriation of earnings by the Executive Board and Supervisory Board are taken into account in the above amounts for the dividend payment and the profit carried forward. If the number of dividend-entitled no-par-value shares for fiscal year 2009/10 has changed by the time of the Annual General Meeting, the proposal on the appropriation of the net earnings will be adjusted, but still specify a dividend of € 1.00 per dividend-entitled no-par-value share.

## Additional information on capital management

The main purpose of management control is to increase the corporate value of the Aurubis Group, in that a positive contribution to the enterprise as a whole is generated beyond the capital costs. The task of the financial management is to utilise the available funds optimally on the basis of ensured liquidity. This requires the balance sheet structure to be in equilibrium. Various ratios are used in the Aurubis Group to control and manage the individual items. No capital requirements are defined in the Articles of Association.

One of the main ratios used to determine and compare profitability is ROCE (return on capital employed), which reflects the efficiency with which the capital is utilised in the operating business or for investments. ROCE is the ratio of EBIT (earnings before interest and taxes) to capital employed as at the balance sheet date. ROCE in the Aurubis Group on the basis of the LIFO valuation used by the Group management for controlling purposes reached 17.5 % in the past fiscal year, compared with 8.1 % in the prior year, due to the increase of € 174.7 million in EBIT to € 285.5 million. After revaluation of the LIFO inventories using the average cost method, ROCE also improved strongly from – 1.9 % in the prior year to 25.5 % on account of the improved EBIT.

Gearing represents the ratio of net borrowings to equity. On 30 September 2010, it amounted to 43.9 % before revaluation of the LIFO inventories and was thus at a higher level than in the prior year (38.4 %). The increase in the gearing is due to the higher equity compared with the prior year.

After revaluation of the LIFO inventories using the average cost method, gearing amounted to 36.3 % compared with 34.9 % as at 30 September of the prior year.

## 20] Pension provisions

Retirement benefits for employed persons are granted in the Aurubis Group based on both defined benefit plans and defined contribution plans. The expenditure incurred for these is included in the personnel expenses and interest expense.

The majority of pension benefit plans in the Aurubis Group are defined benefit plans. Both funded and unfunded plans exist.

The pension obligations were computed on the basis of the following assumed market discount rates, salary and pension trends:

The assumption of a salary increase of 5 % (10 % in the prior year) was applied exclusively for the valuation of the pension provision of Aurubis Bulgaria AD, Pirdop.

The retirement age has been assumed to be the earliest possible age at which employees can claim early retirement benefits under the state pension scheme. The corresponding calculations are based on the regulations in the 2007 German Act to Adapt the Standard Retirement Age to Reflect Demographic Changes and Prof. Klaus Heubeck's 2005G mortality tables. Figures based on historical experience were used to calculate the expected return on the plan assets.

| | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Discount rate | 4.20 % | 5.50 % |
| Expected salary trend | 3.0 %; 5 % | 2.0 % to 3.0 %; 10 % |
| Expected pensions trend | 5.5 % every 3 years | 6.00 % every 3 years |
| Expected return on plan assets | 4.25 % | 4.25 % |
| Fluctuation | 0.00 % to 10.00 % | 0.00 % to 10.00 % |

In the event of over-funded pension plans, the resulting assets are reported under other assets in accordance with IAS 19.58. The net liability recognised in the consolidated balance sheet for defined benefit plans is arrived at as follows:

| in € thousand | 30.9.2010 | 30.9.2009 | 30.9.2008 | 30.9.2007 |
|---|---|---|---|---|
| Present value of unfunded pension obligations | 44,066 | 40,849 | 36,566 | 34,654 |
| + Present value of funded pension obligations | 300,264 | 259,799 | 230,969 | 245,271 |
| **= Present value of pension obligations** | **344,330** | **300,648** | **267,535** | **279,925** |
| – Fair value of plan assets | (237,790) | (240,806) | (241,743) | (248,125) |
| – Unrecognised actuarial gains / losses | (57,953) | (14,526) | 13,388 | 282 |
| **= Net obligation recorded in the balance sheet** | **48,587** | **45,316** | **39,180** | **32,069** |
| + Asset in accordance with IAS 19.58 | 25,482 | 26,134 | 27,432 | 26,730 |
| **= Net provision per balance sheet** | **74,069** | **71,450** | **66,612** | **58,799** |

The resultant net provision developed as follows:

| in € thousand | | 30.9.2010 | 30.9.2009 |
|---|---|---|---|
| | Net provision at the beginning of the fiscal year | 71,450 | 66,612 |
| + | Net expense recognised in the income statement | 10,079 | 11,107 |
| – | Payments to beneficiaries during the fiscal year (unfunded plans) | (4,994) | (4,022) |
| – | Payments to pension funds during the fiscal year (funded plans) including changes in the asset | (2,370) | (4,810) |
| +/– | Other | (96) | 2,563 |
| = | Net provision at the end of the fiscal year | 74,069 | 71,450 |

The following amounts were recognised in the income statement for the past fiscal year:

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Current service cost | 6,657 | 1,960 |
| Interest cost on the pension obligations | 15,760 | 16,973 |
| Expected return on plan assets | (9,781) | (10,097) |
| Actuarial gains and losses | (2,557) | 2,216 |
| Compensation for curtailments | 0 | 55 |
| Expense recognised in profit or loss | 10,079 | 11,107 |

The actual return on plan assets was € 2,725 thousand (€ 245 thousand in the prior year) higher than the expected return.

The plan assets developed as follows:

| in € thousand | 30.9.2010 | 30.9.2009 | 30.9.2008 |
|---|---|---|---|
| Fair value of plan assets at beginning of fiscal year | 240,806 | 241,743 | 248,125 |
| Additions from the first-time consolidation of Cumerio | 0 | 0 | 10,273 |
| Expected return on plan assets | 9,781 | 10,097 | 10,629 |
| Actuarial gains and losses | 2,245 | (1,630) | (15,169) |
| Pension payments | (11,775) | (12,988) | (19,294) |
| Contributions made by employer | 2,043 | 3,584 | 7,172 |
| Other changes | (5,310) | 0 | 7 |
| Fair value of plan assets at end of fiscal year | 237,790 | 240,806 | 241,743 |

The plan assets include neither the company's own financial instruments nor owner-occupied real estate. The plan assets had the following structure:

| in % | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Fixed interest securities | 48 | 46 |
| Real estate | 29 | 28 |
| Shares | 8 | 10 |
| Other | 15 | 16 |
| | 100 | 100 |

Expenditure for defined contribution plans for the Group retirement pensions amounted to € 16,738 thousand in the year under review (€ 19,777 thousand in the prior year). These include both voluntary undertakings and the employer's contribution made by the Group to the statutory state pension funds.

## 21] Deferred tax liabilities

The breakdown of the deferred tax liabilities is presented in Note 10 Income taxes.

## 22] Other provisions

The individual classes of provisions developed as follows during the past fiscal year:

| in € thousand | Balance per 1.10.09 | Used | Released | Allocated | Accrued interest | Balance per 30.9.10 |
|---|---|---|---|---|---|---|
| Personnel provisions | 54,903 | 20,406 | 242 | 34,944 | 943 | 70,142 |
| Expected losses on onerous contracts | 67,934 | 67,934 | 0 | 25,237 | 0 | 24,679 |
| Environmental provisions | 7,446 | 827 | 0 | 100 | 849 | 7,568 |
| Sundry provisions | 7,097 | 3,065 | 571 | 3,074 | 0 | 6,535 |
| | 137,380 | 92,232 | 813 | 63,355 | 1,792 | 108,924 |

The personnel provisions consist mainly of obligations to employees relating to Christmas bonuses, outstanding holiday claims, anniversary bonuses, bridging loans, profit-sharing bonuses and from the early retirement scheme. Environmental provisions primarily include clean-up measures at the Hamburg and Lunen sites. The provisions have terms of up to 28 years. Various methods are available to carry out these measures. The probable costs are determined taking into account historical experience in comparable cases, existing appraisals and the clean-up methods that will probably be used on the basis of present knowledge.

The decline in provisions for expected losses on onerous contracts was attributable in particular to reduced provisions for expected losses from onerous contracts for treatment and refining charges that will not cover the costs. This development was due to the inclusion for the first time of specific economic benefits that can now be determined with sufficient certainty and can be allocated to individual contracts. The economic benefits that can be allocated to these contracts amounted in the past fiscal year to € 36 million.

## 23] Liabilities

Financial liabilities as at the balance sheet date were as follows:

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| **Non-current (with residual terms of more than 1 year)** | | |
| Borrowings | 306,899 | 422,909 |
| Liabilities under finance leases | 25,718 | 28,240 |
| Derivative financial instruments of the held-for-trading category | 8,805 | 14,585 |
| Derivative financial instruments as hedging instruments as part of hedge accounting | 7,791 | 9,622 |
| Other non-current financial liabilities | 136 | 1,041 |
| **Non-current financial liabilities** | **349,349** | **476,397** |
| **Current (with residual terms of less than 1 year)** | | |
| Trade accounts payable | 792,530 | 600,853 |
| Borrowings | 287,699 | 162,666 |
| Derivative fiancial instruments of the held-for-trading category | 37,915 | 36,181 |
| Liabilities to related parties | 5,265 | 4,269 |
| Liabilities under finance leases | 3,220 | 2,399 |
| Derivative financial instruments as hedging instruments as part of hedge accounting | 1,730 | 650 |
| Other current financial liabilities | 53,269 | 50,680 |
| **Current financial liabilities** | **1,181,628** | **857,698** |

The liabilities under finance leases include the present value of the minimum lease payments and the contractually guaranteed residual values at the end of the lease term. Payments are due as follows:

| in € thousand | 30.9.2010 less than 1 year | 30.9.2010 1 to 5 years | 30.9.2010 more than 5 years | 30.9.2010 Total | 30.9.2009 less than 1 year | 30.9.2009 1 to 5 years | 30.9.2009 more than 5 years | 30.9.2009 Total |
|---|---|---|---|---|---|---|---|---|
| Minimum lease payments | 4,204 | 10,223 | 22,782 | 37,209 | 3,493 | 11,397 | 25,320 | 40,210 |
| *– Interest portion* | *984* | *3,209* | *4,078* | *8,271* | *1,094* | *3,681* | *4,796* | *9,571* |
| *– Redemption portion* | *3,220* | *7,014* | *18,704* | *28,938* | *2,399* | *7,716* | *20,524* | *30,639* |

The following table shows the contractually agreed undiscounted interest and redemption payments of the non-derivative financial liabilities and the derivative financial instruments with negative fair values made by the Aurubis Group.

Derivatives are shown with their net cash flows. From foreign exchange forward transactions with a negative fair value, payments in the amount of € 666 million (€ 583 million in the prior year) are matched by receipts in the amount of € 635 million (€ 556 million in the prior year). Derivatives with positive fair values qualify as assets and are therefore not included.

| in € thousand | Carrying amount as at 30.9.2010 | Payments up to 1 year | Payments from 1 to 5 years | Payments more than 5 years |
|---|---|---|---|---|
| Borrowings | 594,598 | 67,714 | 551,149 | 1,076 |
| Liabilities under finance leases | 28,938 | 4,204 | 10,223 | 22,782 |
| Trade accounts payable | 792,530 | 792,530 | 0 | 0 |
| Liabilities to related parties | 5,265 | 5,265 | 0 | 0 |
| Derivatives of the held-for-trading category | 46,720 | 37,915 | 8,805 | 0 |
| Derivatives designated as a hedging instrument for hedge accounting | 9,521 | 1,730 | 7,791 | 0 |
| Other financial liabilities | 53,405 | 53,269 | 136 | 0 |
| Total | 1,530,977 | 962,627 | 578,104 | 23,858 |

| in € thousand | Carrying amount as at 30.9.2009 | Payments up to 1 year | Payments from 1 to 5 years | Payments more than 5 years |
|---|---|---|---|---|
| Borrowings | 585,575 | 168,386 | 445,133 | 2,084 |
| Liabilities under finance leases | 30,639 | 3,493 | 11,397 | 25,320 |
| Trade accounts payable | 600,853 | 600,853 | 0 | 0 |
| Liabilities to related parties | 4,269 | 4,269 | 0 | 0 |
| Derivatives of the held-for-trading category | 50,766 | 36,181 | 14,585 | 0 |
| Derivatives designated as a hedging instrument for hedge accounting | 10,272 | 650 | 9,622 | 0 |
| Other financial liabilities | 51,721 | 50,680 | 1,041 | 0 |
| Total | 1,334,095 | 864,512 | 481,778 | 27,404 |

This presentation does not show any plan figures but only the financial instruments that were held as at 30 September 2010 or 30 September 2009 and for which contractual agreements on the payments existed. Foreign currency amounts are translated at the closing rate.

At subsidiaries, liabilities to loans of € 17,895 thousand (€ 17,895 thousand in the prior year) are secured by mortgages and fixed assets. Financial assets have not been pledged as collateral for liabilities to banks.

Non-financial liabilities as at the balance sheet date are as follows:

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| **Non-current (with residual term of more than 1 year)** | | |
| Other non-current non-financial liabilities | 5 | 0 |
| **Non-current non-financial liabilities** | **5** | **0** |
| **Current (with residual term of less than 1 year)** | | |
| Other tax liabilities | 92,066 | 37,224 |
| Social security obligations | 15,859 | 16,532 |
| Income tax liabilities | 7,947 | 24,262 |
| Advance payments received on orders | 4,822 | 4,090 |
| Other current non-financial liabilities | 8,376 | 16,306 |
| **Current non-financial liabilities** | **129,070** | **98,414** |

Other tax liabilities mainly comprise import-VAT.

## 24] Contingent liabilities and other financial commitments

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Commitments under tolling agreements | 53,841 | 41,274 |
| Capital commitments | 9,056 | 16,450 |
| Warranty obligations and other contingencies | 181,186 | 195,155 |
| Contingent liabilities under discounted bills | 749 | 0 |
| | **244,832** | **252,879** |

The capital commitments relate exclusively to property, plant and equipment.

Commitments under tolling agreements refer to the value of the metal extracted during the tolling process, which has to be returned by Group companies. These obligations are matched by corresponding recourse claims.

Other commitments mainly include long-term agreements for the provision of discharging and handling services by various service providers.

In addition, an agreement has been concluded with an energy supplier for the cost-based procurement of one billion kilowatt hours of electricity per annum over a term of 30 years commencing in 2010. The payments are based on price and performance components as well as a contribution to the investment costs of a power plant. In addition, the existing agreement for the oxygen supply for the Hamburg and Lunen sites was renewed for the period until 30 September 2026.

Joint ventures account for € 1,352 thousand of the total commitments (€ 1,550 thousand in the prior year).

### Financial commitments under leases

As at 30 September 2010, minimum lease payments under operating leases amounted to € 13,784 thousand (€ 8,943 thousand in the prior year). These are due as follows:

| | 30.9.2010 | | | |
|---|---|---|---|---|
| in € thousand | less than 1 year | 1 to 5 years | more than 5 years | Total |
| Minimum lease payments under operating leases | 3,879 | 9,872 | 33 | 13,784 |

| | 30.9.2009 | | | |
|---|---|---|---|---|
| in € thousand | less than 1 year | 1 to 5 years | more than 5 years | Total |
| Minimum lease payments under operating leases | 3,146 | 5,766 | 31 | 8,943 |

Lease payments in fiscal year 2009/10 recognised as expense amounted to € 4,874 thousand (€ 4,627 thousand in the prior year).

## 25] Financial instruments

The Aurubis Group is exposed to market risks, liquidity risks and credit risks as a result of the use of financial instruments.

### Market risks

Market risks arise as a result of a possible change in risk factors that lead to a decrease in the market value of the transactions affected by these risk factors. The following groups of general risk factors are relevant for the Aurubis Group: currency risks, commodity price risks and interest rate risks.

#### Exchange rate risks

As a result of its business operations, the Aurubis Group is exposed to interest rate fluctuations. Changes in exchange rates can lead to losses in the value of financial instruments. Foreign currency forward and option contracts are concluded to limit currency risks. These mainly cover the USD. The daily foreign currency positions from underlying transactions are offset against each other each day and remaining open positions are squared by means of foreign exchange derivatives. We work exclusively with brokers and bankers with first-class credit standing on all foreign exchange transactions.

Furthermore, foreign currency forward contracts and metal futures contracts were concluded in the past fiscal year to hedge future receipts. Provided the criteria for cash flow hedges were fulfilled, the results of these hedge transactions were recognised in the accompanying financial statements initially in equity in the amount of the effective part of the hedge transaction. These are recognised in profit or loss as soon as the underlying hedged transaction is recognised in profit or loss in the respective fiscal year.

Future receipts in foreign currencies are primarily hedged by forward contracts and options. Fundamental changes in exchange ratios, in particular between the euro and the USD, can, however, only be hedged for a limited time.

Information on the management of exchange rate risks is provided in the risk report in the management report.

The net exchange risk exposure represents the risk position for the following period. This corresponds to the net amount of the nominal volume of the non-derivative and derivative financial instruments, which are exposed to currency risks. In addition, planned procurement and revenue transactions of the following years are included if these are taken into account in the currency risk management to show the risk position for the following period. Counter-positions in the same currency are offset against each other.

**Foreign currency risk**

| in € thousand | USD 30.9.2010 | USD 30.9.2009 | GBP 30.9.2010 | GBP 30.9.2009 |
|---|---|---|---|---|
| Cash at banks | 8,096 | 4,961 | 5 | 1 |
| Trade accounts receivable | 99,758 | 58,840 | 1,691 | 663 |
| Other receivables | 22 | 865 | 1 | 0 |
| Trade accounts payable | (571,482) | (385,709) | (2,362) | (1,754) |
| Other liabilities | (342) | (14,603) | (1) | (370) |
| Budgeted revenues | 417,998 | 433,634 | 4,997 | 1,426 |
| Foreign exchange forward contracts | 194,451 | 21,292 | (4,331) | 34 |
| Put option transactions | (126,026) | (42,341) | 0 | 0 |
| Net exposure | 22,475 | 76,939 | 0 | 0 |

IFRS 7 requires a sensitivity analysis to be performed for each type of risk to indicate the market risks. The use of sensitivity analyses determines for each type of risk the impacts on profit or loss and on equity as at the balance sheet date of a change in the respective risk variable. The impacts for the periods are determined by relating the hypothetical changes in the risk variables to the amount reported as at the balance sheet date. In doing so, it is assumed that the amount reported as at the balance sheet date is representative for the entire year.

For the exchange rate risk, a sensitivity analysis is performed for the foreign currencies which pose a significant risk for the entity, in this instance, the USD and GBP. For the sensitivity analysis for the currencies, it was assumed that the exchange rate of the euro compared with the foreign currency had changed by + / – 10 %.

If the euro had been 10 % stronger or weaker on 30 September 2010 or 30 September 2009 than the rate prevailing on the balance sheet date compared with the main currencies for the Aurubis Group, equity and net income for the year would have changed to the extent shown in the following table. The same items have been included in the calculation as for the determination of the aforementioned net exposure.

**Currency sensitivity**

| | EUR/USD | | EUR/GBP | |
|---|---|---|---|---|
| in € thousand | 30.9.2010 | 30.9.2009 | 30.9.2010 | 30.9.2009 |
| Closing rate in USD and GBP respectively | 1.3648 | 1.4643 | 0.8600 | 0.9093 |
| Depreciation (EUR against FX) | | | | |
| Effect on net income | 33,143 | 36,637 | 0 | 0 |
| Effect on equity | (18,506) | (19,521) | 0 | 0 |
| Appreciation (EUR against FX) | | | | |
| Effect on net income | (36,919) | (30,087) | 0 | 0 |
| Effect on equity | 23,519 | 17,420 | 0 | 0 |

**Interest rate risks**

Interest rate risks arise on account of potential changes in market interest rates and can result in a change in the fair value of fixed-interest financial instruments and interest payment fluctuations for variable interest rate financial instruments. Interest rate risks are hedged by interest rate swaps. Interest rate risks are mainly of significance in the financial sector, but not in the operating sector. Provided the criteria for cash flow hedges are fulfilled for the hedging of variable interest payments, the results of these hedge transactions are initially recognised in equity in the amount of the effective portion of the hedge transaction. They are recognised in profit or loss as soon as the underlying hedged transaction is recognised in profit or loss in the respective fiscal year.

In order to benefit from the low level of short-term interest rates, part of a € 125,000 thousand Cumerio Austria bond, which has a fixed interest warrant of 4.875 %, is covered by an interest rate swap. This swap converts the fixed interest warrants into variable interest rate obligations and is designated as a fair value hedge. The changes in the fair value of the interest rate swap are recognised in the income statement, like the changes in the fair value of the underlying instrument attributable to the hedged risk.

Details of how interest rate risks are managed are provided in the risk report in the management report.

The following table shows the net exposure for variable and fixed interest-bearing financial instruments which will expire in the following periods.

**Variable interest financial instruments**

| | Total amount | | up to 1 year | | 1 to 5 years | | more than 5 years | |
|---|---|---|---|---|---|---|---|---|
| in € thousand | 30.9.2010 | 30.9.2009 | 30.9.2010 | 30.9.2009 | 30.9.2010 | 30.9.2009 | 30.9.2010 | 30.9.2009 |
| Loans / fixed deposits | 110,200 | 161,700 | 110,200 | 161,700 | 0 | 0 | 0 | 0 |
| Borrowings | (708,046) | (444,268) | (306,769) | (156,354) | (401,277) | (287,914) | 0 | 0 |
| covered by interest rate swaps | 302,339 | 371,806 | 19,423 | 77,092 | 282,916 | 292,214 | 0 | 2,500 |
| floated by interest rate swaps | (62,500) | (62,500) | 0 | 0 | (62,500) | (62,500) | 0 | 0 |
| Net exposure | (358,007) | 26,738 | (177,146) | 82,438 | (180,861) | (58,200) | 0 | 2,500 |

Interest rate risks are presented in a sensitivity analysis in accordance with IFRS 7, which reflects the effects of a change in market interest rates on interest income and interest expense, on trading profit and trading loss and on equity.

In the event of an increase (decrease) in all relevant interest rates by 100 basis points (50 basis points), equity and earnings as at 30 September 2010 and 30 September 2009 would change as shown by the following table. The same items have been included in the calculation as for the determination of the aforementioned net exposure.

**Interest rate sensitivity**

| | 30.9.2010 | | 30.9.2009 | |
|---|---|---|---|---|
| in € thousand | +100 BP | −50 BP | +100 BP | −50 BP |
| Effect on earnings | (3,626) | 1,870 | 68 | 41 |
| Effect on equity | 3,555 | (1,818) | 6,421 | (5,115) |

### Other price risks

As a result of its business operations, the Aurubis Group is exposed to commodity price risks. Non-ferrous metals futures contracts and metal options are entered into in particular in order to mitigate these risks. The contracts are mainly focused on the hedging of the copper price. Incoming and outgoing metal quantities from underlying transactions are offset against each other each day and remaining open positions squared by exchange transactions. We work exclusively with brokers and banks with first-class credit standing on all metal hedge transactions.

If delivery agreements for non-ferrous metals are used both to cover the expected raw material requirement or the expected sale of finished products and to exploit market opportunities that arise due to matching maturities, price-fixed metal delivery agreements have also been recognised in profit or loss as derivative financial instruments. Gains and losses from the contrary development of the fair value of the hedged items and the hedge transactions are therefore recognised directly in profit or loss.

Details of metal price risk management are provided in the risk report in the management report.

The Aurubis Group has secured its electricity consumption by concluding a long-term agreement with an energy supplier. Aurubis is exposed to an electricity price risk from the valuation of part of this agreement.

The notional amounts for derivate financial instruments for copper, silver, gold and electricity, which result from the total of the notional amounts for the individual purchasing and sales contracts, are as follows:

### Notional amounts of derivatives

| in € thousand | 30.9.2010 | 30.9.2009 |
|---|---|---|
| Copper | 1,603,301 | 1,674,983 |
| Silver | 11,227 | 21,027 |
| Gold | 120,069 | 37,705 |
| Electricity | 34,726 | – |
| | 1,769,323 | 1,733,715 |

Commodity price risks are shown in the form of a sensitivity analysis in accordance with IFRS 7, which reflects the effects of a change in the commodity prices on the net income for the period and on equity.

In the event of a 10 % increase (decrease) of all relevant commodity prices, equity and earnings for the year would be changed as at 30 September 2010 and 30 September 2009 as shown in the following table. The calculation includes all derivatives for copper, silver, gold and electricity as at the balance sheet date.

### Commodity price sensitivity

| | Copper | | Silver | | Gold | | Electricity | |
|---|---|---|---|---|---|---|---|---|
| in € thousand | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Price increase | | | | | | | | |
| Effect on earnings | 42,149 | 35,841 | 514 | 699 | (5,074) | 543 | 3,353 | 0 |
| Effect on equity | 0 | 0 | 0 | 0 | (1,147) | 0 | 0 | 0 |
| Price decrease | | | | | | | | |
| Effect on earnings | (42,149) | (35,841) | (514) | (699) | 5,074 | (543) | (3,353) | 0 |
| Effect on equity | 0 | 0 | 0 | 0 | 1,147 | 0 | 0 | 0 |

The effects on earnings shown as the commodity price sensitivity are compensated for the metals in part or entirely by the valuation of the purchase or sales contracts that are not yet fixed since these positions are valued provisionally at the respective price on the reporting date.

**Derivative financial instruments**

The Aurubis Group uses derivative financial instruments to hedge currency, interest rate and commodity price risks. Provided the criteria for the application of hedge accounting are fulfilled, these are reflected by cash flow hedges. In addition, a swap as part of the hedging of the fair value of an issued bond was designated as a fair value hedge.

**Financial derivatives**

| | ASSETS | | | | LIABILITIES | | | |
|---|---|---|---|---|---|---|---|---|
| | 30.9.2010 | | 30.9.2009 | | 30.9.2010 | | 30.9.2009 | |
| in € thousand | Carrying amount | Notional amount | Carrying amount | Notional amount | Carrying amount | Notional amount | Carrying amount | Notional amount |
| Interest rate swaps | | | | | | | | |
| without hedging relationship | 53 | 10,300 | 20 | 3,100 | 148 | 4,956 | 253 | 4,956 |
| as cash flow hedges | 0 | 0 | 0 | 0 | 8,497 | 287,083 | 9,622 | 363,750 |
| as fair value hedge | 4,168 | 62,500 | 4,067 | 62,500 | 0 | 0 | 0 | 0 |
| Foreign exchange forward contracts | | | | | | | | |
| without hedging relationship | 25,702 | 499,682 | 14,037 | 444,899 | 29,451 | 617,358 | 25,364 | 560,302 |
| as cash flow hedges | 12,583 | 209,516 | 18,790 | 222,144 | 639 | 25,781 | 650 | 19,840 |
| Foreign currency options | | | | | | | | |
| without hedging relationship | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| as cash flow hedges | 5,162 | 126,026 | 3,040 | 44,711 | 0 | 0 | 0 | 0 |
| Metal futures contracts | | | | | | | | |
| without hedging relationship | 82,514 | 1,461,628 | 84,277 | 1,410,280 | 16,849 | 384,177 | 24,172 | 450,052 |
| as cash flow hedges | 190 | 15,939 | 844 | 3,492 | 385 | 8,049 | 0 | 0 |
| Metal options | | | | | | | | |
| without hedging relationship | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| as cash flow hedges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other transactions | | | | | | | | |
| without hedging relationship | 4,519 | 59,374 | 172 | 5,491 | 272 | 12,131 | 977 | 14,573 |
| as cash flow hedges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The notional volume of the derivative financial instruments is the sum of the notional amounts of the individual purchase and sales contracts. By contrast, the fair value is based on the measurement of all contracts at the prices on the measurement date. It indicates the potential impact on income of the prompt settlement of all derivatives as at the balance sheet date, ignoring the underlying transactions.

The impact on the earnings of changes in the fair value of financial derivatives, which relate to a cash flow hedge, is recognised directly in equity in the amount of the effective portion. The effective portion of the changes in the value of derivative financial instruments, which was recognised directly in equity, amounts to € – 2,564 thousand (€ 15,128 thousand in the prior year). The amount that was transferred during the period from equity into the income statement as part of cash flow hedge accounting amounts to € 10,784 thousand (€ 7,480 thousand in the prior year) and is mainly included in the income statement item "Cost of materials".

The ineffective portion of the fair value change is by contrast recognised directly in income.

No ineffective portions of the change in fair value of the hedge instrument were identified in the fiscal year (€ 436 thousand in the prior year). This amount is recognised in the income statement in "Cost of materials" in the prior year.

The following two tables show when the cash flows from cash flow hedges occur and when they influence the income statement:

### Cash flow hedges as at 30 September 2010

| **Occurrence and impact on income statement** in € thousand | Carrying amount | Notional amount | less than 1 year | 1 to 5 years | more than 5 years |
|---|---|---|---|---|---|
| **Interest rate swaps** | | | | | |
| Asset value | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 8,497 | 287,083 | 16,667 | 270,416 | 0 |
| **Foreign exchange forward contracts** | | | | | |
| Asset value | 12,583 | 209,516 | 162,397 | 47,119 | 0 |
| Liabilities | 639 | 25,781 | 25,781 | 0 | 0 |
| **Foreign currency options** | | | | | |
| Asset value | 5,162 | 126,026 | 35,170 | 90,856 | 0 |
| Liabilities | 0 | 0 | 0 | 0 | 0 |
| **Metal future contracts** | | | | | |
| Asset value | 190 | 15,939 | 14,980 | 959 | 0 |
| Liabilities | 385 | 8,049 | 8,049 | 0 | 0 |
| **Metal options** | | | | | |
| Asset value | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 0 | 0 | 0 | 0 | 0 |
| **Other transactions** | | | | | |
| Asset value | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 0 | 0 | 0 | 0 | 0 |

### Cash flow hedges as at 30 September 2009

| **Occurrence and impact on income statement** in € thousand | Carrying amount | Notional amount | less than 1 year | 1 to 5 years | more than 5 years |
|---|---|---|---|---|---|
| **Interest rate swaps** | | | | | |
| Asset value | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 9,622 | 363,750 | 76,667 | 287,083 | 0 |
| **Foreign exchange forward contracts** | | | | | |
| Asset value | 18,790 | 222,144 | 148,740 | 73,404 | 0 |
| Liabilities | 650 | 19,840 | 19,840 | 0 | 0 |
| **Foreign currency options** | | | | | |
| Asset value | 3,040 | 44,711 | 44,711 | 0 | 0 |
| Liabilities | 0 | 0 | 0 | 0 | 0 |
| **Metal future contracts** | | | | | |
| Asset value | 844 | 3,492 | 3,492 | 0 | 0 |
| Liabilities | 0 | 0 | 0 | 0 | 0 |
| **Metal options** | | | | | |
| Asset value | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 0 | 0 | 0 | 0 | 0 |
| **Other transactions** | | | | | |
| Asset value | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 0 | 0 | 0 | 0 | 0 |

The net result of fair value hedges from the measurement of hedge transactions in the reporting period amounted to € 402 thousand (€ 5,409 thousand in the prior year). The net result of connected underlying transactions recognised in the income statement amounted to € – 392 thousand in the reporting period (€ – 5,434 thousand in the prior year).

## Liquidity risks

Liquidity risks represent the risk that the Company cannot meet its own obligations. The contractual residual terms of financial liabilities are shown in Note 23.

The adequate supply of the Group with cash and cash equivalents is ensured not only by the Group's strong cash flow but also by the existing short-term and long-term credit lines at our banks. Fluctuations in cash flow can therefore be cushioned. An autonomous executive committee, under the supervision of the Executive Board, monitors Aurubis's liquidity position, regularly and promptly. Further management measures taken regarding liquidity risks are described in the risk report in the management report.

## Credit risks

Credit risks exist for all classes of financial instruments, in particular for trade accounts receivable. The Aurubis Group is not exposed to any significant credit risk as regards an individual contractual party. The concentration of the credit risk is limited on account of the wide and heterogeneous customer base. The credit risk from derivative financial instruments is limited since the corresponding contracts are only concluded with contractual parties and banks with a good credit standing.

The customers are classified by their credit rating as part of credit risk management and each customer is given a specific limit.

The carrying amounts of the financial assets in the balance sheet, less any write-downs, represent the maximum potential credit risk without taking into account the value of obtained securities or other risk-mitigating agreements.

Furthermore, to minimise credit risks, we monitor the receivables from our business associates on a daily basis. Apart from the instruments customary on the market, such as letters of credit and guarantees, we also use commercial credit insurance to hedge potential bad debts. If receivables are sold under factoring agreements, this is done without recourse.

## Additional disclosures on financial instruments

| Carrying amounts, valuations and fair values in measurement categories<br>in € thousand | Measurement category under IAS 39 | 2010<br>Carrying amount 30.9.2010 | Balance sheet valuation under IAS 39<br>Amortised cost | Fair value recognised in equity | Fair value recognised in profit or loss |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Interests in affiliated companies | AfS | 524 | 524 | 0 | 0 |
| Investments | AfS | 626 | 626 | 0 | 0 |
| Fixed asset securities | AfS | 37,740 | 0 | 37,740 | 0 |
| Other financial fixed assets | | | | | |
| Loans to affiliated companies | LaR | 0 | 0 | 0 | 0 |
| Other loans | LaR | 202 | 202 | 0 | 0 |
| Trade accounts receivable | LaR | 437,384 | 437,384 | 0 | 0 |
| Other receivables and financial assets | | | | | |
| Receivables from related parties | LaR | 3,969 | 3,969 | 0 | 0 |
| Over-funding of pension funds | n/a | 25,482 | 0 | 0 | 0 |
| Other financial assets | LaR | 30,104 | 30,104 | 0 | 0 |
| Derivative financial assets | | | | | |
| Derivatives without hedging relationship | FAHfT | 112,788 | 0 | 0 | 112,788 |
| Derivatives with hedging relationship (hedge accounting) | n/a | 22,103 | 0 | 17,935 | 4,168 |
| Short-term security investments | HtM | 301 | 301 | 0 | 0 |
| Cash and cash equivalents | n/a | 147,803 | 147,803 | 0 | 0 |
| **EQUITY AND LIABILITIES** | | | | | |
| Borrowings | FLAC | 594,598 | 594,598 | 0 | 0 |
| Liabilities from finance leases | n/a | 28,938 | 0 | 0 | 0 |
| Trade accounts payable | FLAC | 792,530 | 792,530 | 0 | 0 |
| Payables to related parties | FLAC | 5,265 | 5,265 | 0 | 0 |
| Other non-derivative financial liabilities | FLAC | 53,405 | 53,405 | 0 | 0 |
| Derivative financial liabilities | | | | | |
| Derivatives without hedging relationship | FLHfT | 46,720 | 0 | 0 | 46,720 |
| Derivatives with hedging relationship (hedge accounting) | n/a | 9,521 | 0 | 9,521 | 0 |
| thereof aggregated by meaurement categories in accordance with IAS 39: | | | | | |
| Loans and receivables (LaR) | | 471,659 | 471,659 | 0 | 0 |
| Available-for-sale (AfS) | | 38,890 | 1,150 | 37,740 | 0 |
| Held-to-maturity (HtM) | | 301 | 301 | 0 | 0 |
| Financial assets held for trading (FAHfT) | | 112,788 | 0 | 0 | 112,788 |
| Financial liabilities at amortised cost (FLAC) | | 1,445,798 | 1,445,798 | 0 | 0 |
| Financial liabilities held for trading (FLHfT) | | 46,720 | 0 | 0 | 46,720 |

| | | | 2009 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Balance sheet valuation under IAS 17 | Balance sheet valuation under IAS 19 | Fair Value 30.9.2010 | Carrying amount 30.9.2009 | Balance sheet valuation under IAS 39 | | | Balance sheet valuation under IAS 17 | Balance sheet valuation under IAS 19 | Fair Value 30.9.2009 |
| | | | | Amortised cost | Fair value recognised in equity | Fair value recognised in profit or loss | | | |
| | | | | | | | | | |
| 0 | 0 | 524 | 246 | 246 | 0 | 0 | 0 | 0 | 246 |
| 0 | 0 | 626 | 649 | 649 | 0 | 0 | 0 | 0 | 649 |
| 0 | 0 | 37,740 | 51,947 | 0 | 51,947 | 0 | 0 | 0 | 51,947 |
| | | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 202 | 209 | 209 | 0 | 0 | 0 | 0 | 209 |
| 0 | 0 | 437,384 | 269,503 | 269,503 | 0 | 0 | 0 | 0 | 269,503 |
| | | | | | | | | | |
| 0 | 0 | 3,969 | 524 | 524 | 0 | 0 | 0 | 0 | 524 |
| 0 | 25,482 | 25,482 | 26,134 | 0 | 0 | 0 | 0 | 26,134 | 26,134 |
| 0 | 0 | 30,104 | 22,410 | 22,410 | 0 | 0 | 0 | 0 | 22,410 |
| | | | | | | | | | |
| 0 | 0 | 112,788 | 98,506 | 0 | 0 | 98,506 | 0 | 0 | 98,506 |
| 0 | 0 | 22,103 | 26,741 | 0 | 22,674 | 4,067 | 0 | 0 | 26,741 |
| 0 | 0 | 301 | 464 | 464 | 0 | 0 | 0 | 0 | 464 |
| 0 | 0 | 147,803 | 257,243 | 257,243 | 0 | 0 | 0 | 0 | 257,243 |
| | | | | | | | | | |
| 0 | 0 | 593,096 | 585,575 | 585,575 | 0 | 0 | 0 | 0 | 581,217 |
| 28,938 | 0 | 28,938 | 30,639 | 0 | 0 | 0 | 30,639 | 0 | 30,639 |
| 0 | 0 | 792,530 | 600,853 | 600,853 | 0 | 0 | 0 | 0 | 600,853 |
| 0 | 0 | 5,265 | 4,269 | 4,269 | 0 | 0 | 0 | 0 | 4,269 |
| 0 | 0 | 53,405 | 51,721 | 51,721 | 0 | 0 | 0 | 0 | 51,721 |
| | | | | | | | | | |
| 0 | 0 | 46,720 | 50,766 | 0 | 0 | 50,766 | 0 | 0 | 50,766 |
| 0 | 0 | 9,521 | 10,272 | 0 | 10,272 | 0 | 0 | 0 | 10,272 |
| | | | | | | | | | |
| 0 | 0 | 471,659 | 292,646 | 292,646 | 0 | 0 | 0 | 0 | 292,646 |
| 0 | 0 | 38,890 | 52,842 | 894 | 51,948 | 0 | 0 | 0 | 52,842 |
| 0 | 0 | 301 | 464 | 464 | 0 | 0 | 0 | 0 | 464 |
| 0 | 0 | 112,788 | 98,506 | 0 | 0 | 98,506 | 0 | 0 | 98,506 |
| 0 | 0 | 1,444,296 | 1,242,418 | 1,242,418 | 0 | 0 | 0 | 0 | 1,238,060 |
| 0 | 0 | 46,720 | 50,766 | 0 | 0 | 50,766 | 0 | 0 | 50,766 |

The market value of financial instruments to be recognised at the fair value is as a general rule determined on the basis of quotations on the metal exchanges. If no quotations are available, it is measured applying the process customary on the market (measurement methods) based on instrument-related market parameters.

The fair value is determined on the basis of the discounted cash flow method, which takes into account the individual financial standing and other market aspects in the form of credit and liquidity spreads for the determination of present value.

For derivative financial instruments such as foreign currency forward contracts, metal futures contracts, swaps and options, the fair value is calculated applying present value and option price models. The market prices and interest rates applicable on the balance sheet date that are taken from reliable sources are used as far as possible as input parameters for these models.

No liquid markets exist for loans and receivables that are valued at amortised cost. It is assumed for short-term loans and receivables that the fair value corresponds with the carrying amount.

For all other loans and receivables, the fair value is determined by discounting the cash flows expected in the future. The interest rates for which new loans with a corresponding risk structure, original currency and maturity could be taken up are used in this connection for loans.

It is assumed for investments in partnerships and non-quoted limited liability companies that the carrying amount corresponds to the fair value. The fair value could only be reliably determined in conjunction with specific sales negotiations.

Trade accounts payable and the other current financial liabilities generally have a residual term of less than one year, so that the carrying amount approximates the fair value.

The fair values for quoted bonds correspond to the notional values multiplied by the price quotations on the balance sheet date.

The fair values of liabilities to banks are determined as the present values of the payments connected with the liabilities using the respective applicable interest rate structure curve and the Aurubis Group credit spread curve which is broken down into different currencies.

**Hierarchical classification of fair values of financial instruments in accordance with IFRS 7 as at 30.9.2010:**

| Aggregated by classes<br>in € thousand | Fair value<br>30 Sept. 2010 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Short-term security investments in fixed assets | 37,740 | 37,740 | – | – |
| Derivative financial assets | | | | |
| Derivatives without hedging relationship | 112,788 | – | 112,788 | – |
| Derivatives with hedging relationship | 22,103 | – | 22,103 | – |
| Assets | 172,631 | 37,740 | 134,891 | 0 |
| Derivative financial liabilities | | | | |
| Derivatives without hedging relationship | 46,720 | – | 46,720 | – |
| Derivatives with hedging relationship | 9,521 | – | 9,521 | – |
| Liabilities | 56,241 | 0 | 56,241 | 0 |

The following table shows the main parameters for the financial instruments recognised at fair value, on which their valuation is based.
The individual levels are defined in accordance with IFRS 7 as follows:

Level 1: quoted (not adjusted) prices on active markets for similar assets or liabilities.

Level 2: processes for which all input parameters, which have a significant effect on the fair value, are observable either directly or indirectly on the market.

Level 3: processes that use input parameters, which have a significant effect on the fair value and are not based on observable market data.

**Net earnings in accordance with measurement categories**

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Loans and receivables (LaR) | 15,236 | (29,241) |
| Available-for-sale (AfS) | 490 | 560 |
| Held-to-maturity (HtM) | 0 | 0 |
| Financial instruments held for trading (FAHfT and FLHfT) | 93,208 | (97,665) |
| Financial liabilities at amortised cost (FLAC) | (7,616) | 9,345 |
| **Total** | **101,318** | **(117,001)** |

The net earnings of the financial instruments held-for-trading include the earnings on metal futures contracts on the exchanges and the foreign exchange forward contracts. The portion of price-fixed metal delivery transactions, which result in a negative effect in earnings, is not included. Dividends, but not interest, are included in the calculation.

In conjunction with the recognition in profit or loss of the change in value of available-for-sale financial assets, net valuation results of € –14,253 thousand are recorded in equity in 2009/10 (€ –2,483 thousand in the prior year).

### 26] Research and development

Research and development costs of € 8,378 thousand were recognised in profit or loss for the Aurubis Group for fiscal year 2009/10 (€ 6,663 thousand in the prior year).

## NOTES TO THE CASH FLOW STATEMENT

The cash flow statement reports the cash flows in the Aurubis Group in fiscal year 2009/10 and in the prior-year comparative period. In accordance with IAS 7, a distinction is made between the cash outflow or cash inflow from operating activities, the cash outflow from investing activities and the cash inflow or cash outflow from financing activities.

Gross cash flow is first of all reported, starting off from earnings before taxes, after adjusting for depreciation and amortisation, non-cash expenses and income, as well as net financial expenses and income taxes paid.

The reported net interest consists of interest and similar income of € 10,167 thousand (€ 15,089 thousand in the prior year) and interest and similar expenses of € 38,280 thousand (€ 52,785 thousand in the prior year). The interest of € 5,979 thousand (€ 7,110 thousand in the prior year) included in interest expense for allocations to pension provisions does not affect cash flow and is therefore not included accordingly in the interest payments in the cash outflow from financing activities.

The cash inflow from operating activities (net cash flow) is arrived at by adjusting the gross cash flow for changes in working capital.

The cash outflow from investing activities mainly results from the purchase of fixed assets. In detail, € 62,686 thousand (€ 3,976 thousand in the prior year) were invested in intangible assets, € 87,531 thousand (€ 107,508 thousand in the prior year) in property, plant and equipment and € 344 thousand (€ 53,061 thousand in the prior year) in financial fixed assets.

Contrary to the additions to fixed assets reported in the changes in the fixed assets of the group on page 108, these figures only include investments that have caused an outflow of cash. Thus, any finance leases entered into have no impact on cash outflow from investing activities, whereas they are included in the additions to the fixed assets.

The cash inflow from financing activities in fiscal year 2009/10 resulted from proceeds and payments from taking up and redeeming borrowings, dividend payments and interest paid.

## SEGMENT REPORTING

| in € thousand | Primary Copper segment 2009/10 | Primary Copper segment 2008/09 | Recycling/Precious Metals segment 2009/10 | Recycling/Precious Metals segment 2008/09 | Copper Products segment 2009/10 | Copper Products segment 2008/09 |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Total revenues | 5,801,034 | 4,247,767 | 3,399,638 | 1,957,096 | 6,195,293 | 3,643,924 |
| Inter-segment revenues | 4,100,077 | 2,340,718 | 1,410,307 | 800,702 | 29,792 | 22,047 |
| Revenues with third parties | 1,700,957 | 1,907,049 | 1,989,331 | 1,156,394 | 6,165,501 | 3,621,877 |
| EBITDA | 223,220 | 104,464 | 73,367 | 54,330 | 98,761 | 64,035 |
| Depreciation and amortisation | (73,330) | (72,164) | (14,102) | (12,760) | (18,299) | (20,102) |
| EBIT | 149,890 | 32,300 | 59,265 | 41,570 | 80,462 | 43,933 |
| Result from investments | 0 | 0 | 490 | 561 | 4 | 5 |
| Interest income | 25,631 | 33,555 | 1,360 | 2,419 | 18,002 | 21,070 |
| Interest expense | (34,280) | (51,298) | (11,706) | (9,702) | (27,437) | (34,089) |
| Earnings before taxes | 141,241 | 14,557 | 49,409 | 34,848 | 71,031 | 30,919 |
| Income taxes | | | | | | |
| Consolidated net income (loss in the prior year) | | | | | | |
| Capital expenditure on intangible assets and property, plant and equipment | 71,336 | 48,277 | 47,390 | 42,242 | 20,415 | 20,965 |
| Average number of employees | 2,143 | 2,083 | 999 | 953 | 1,612 | 1,679 |

We report on the operating segments in the same way as in the internal reporting to the chief operating decision makers. The chief operating decision makers are defined as the Executive Board of Aurubis AG.

Three reportable segments, which differ as regards production process or their products and are managed separately, have been identified. The “other” column includes central administrative income and costs that cannot be directly allocated to one of the reportable segments.

The internal reporting is generally based on the accounting policies applied for the consolidated financial statements, with the exception of the valuation of inventories. For internal controlling purposes, the inventory valuation is performed using the LIFO method since these figures are much less influenced by metal price fluctuations. The presentation of the segment reporting corresponds with the internal reporting.

The reconciliation to the average cost method used in the consolidated financial statements is shown in the reconciliation/consolidation column. The application of the average cost method affects the earnings for the year under review by € 189,540 thousand (€–138,869 thousand in the prior year), the change in inventories by € 8,642 thousand (€–48,407 thousand in the prior year) and cost of materials by € 180,898 thousand (€–90,462 thousand in the prior year).

The Group generates most of its revenues with business associates in countries in the European Union. The breakdown of revenues by regions is based on the location of the customers, and is as follows:

**Revenues by regions**

| in € thousand | Group total 2009/10 | Group total 2008/09 |
|---|---|---|
| Germany | 3,580,008 | 2,518,777 |
| Other European Union states | 4,881,657 | 2,884,253 |
| Rest of Europe | 455,814 | 191,452 |
| Non-European countries | 947,890 | 1,092,396 |
| | **9,865,369** | **6,686,878** |

| Other | | Total | | Reconciliation | | Group total | |
|---|---|---|---|---|---|---|---|
| 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| | | | | | | | |
| 15,883 | 1,558 | | | | | | |
| 6,303 | 0 | | | | | | |
| 9,580 | 1,558 | 9,865,369 | 6,686,878 | 0 | 0 | 9,865,369 | 6,686,878 |
| (3,261) | (5,257) | 392,087 | 217,572 | 189,458 | (140,009) | 581,545 | 77,563 |
| (728) | (558) | (106,459) | (105,584) | 0 | 0 | (106,459) | (105,584) |
| (3,989) | (5,815) | 285,628 | 111,988 | 189,458 | (140,009) | 475,086 | (28,021) |
| 0 | 0 | 494 | 566 | 0 | 0 | 494 | 566 |
| 11 | (23) | 45,004 | 57,021 | (34,688) | (41,932) | 10,316 | 15,089 |
| (79) | 129 | (73,502) | (94,960) | 34,688 | 41,932 | (38,814) | (53,028) |
| (4,057) | (5,709) | 257,624 | 74,615 | 189,458 | (140,009) | 447,082 | (65,394) |
| | | | | (121,335) | 19,288 | (121,335) | 19,288 |
| | | | | | | 325,747 | (46,106) |
| 12,000 | 0 | 151,141 | 111,484 | 0 | 0 | 151,141 | 111,484 |
| 0 | 0 | 4,754 | 4,715 | 0 | 0 | 4,754 | 4,715 |

The breakdown of capital expenditure and non-current assets by regions is based on the location of the respective assets:

**Information on regions**

| | Capital expenditure | | Non-current assets | |
|---|---|---|---|---|
| in € thousand | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Germany | 126,400 | 76,612 | 537,175 | 482,233 |
| Belgium | 10,454 | 10,454 | 95,026 | 97,272 |
| Bulgaria | 10,043 | 17,760 | 330,831 | 355,807 |
| Rest of Europe | 4,244 | 6,658 | 36,307 | 34,110 |
| Group total | 151,141 | 111,484 | 999,339 | 969,422 |

The locations in the rest of Europe are mainly places of business within the European Union.

## Primary Copper segment

Copper production ranges from the procurement of copper-bearing and precious metal-bearing raw materials to the production of marketable metals. In the Primary Copper segment, copper concentrates are mainly used as the raw material for copper production. The product is copper cathodes that can be traded on the metal exchanges.

## Recycling / Precious Metals segment

Copper-bearing recycling materials and input materials containing precious metals are utilised as the raw materials for the production of copper in the Recycling / Precious Metals segment. In addition to copper cathodes that can be traded on the metal exchanges, gold, silver and platinum group metal products are produced in this segment.

During the copper production process, a variety of products is produced in these two segments from the natural by-elements in the raw materials, such as sulphuric acid and iron silicate stone.

The majority of the copper cathodes produced in the Primary Copper and Recycling / Precious Metals segments are passed on to the Copper Products segment, where they are processed into copper products and marketed externally. This accounts for most of the revenues in the Copper Products segment. The Primary Copper segment therefore generates most of its revenues within the Group.

Precious metals, sulphuric acid and iron silicate stone are by contrast primarily sold to external customers.

The production of high-grade selenium products and the environmentally-friendly dismantling of cable and sale of the resultant granules are also performed in the Recycling / Precious Metals segment.

## Copper Products segment

The Copper Products segment includes all sectors involved in the production and marketing of wire rod, continuous cast shapes, pre-rolled strip, strips and profiles and copper trading. The copper cathodes produced in the Primary Copper and Recycling / Precious Metals segments mainly serve as the starting products for these products. Most of the products from the Copper Processing segment are sold to customers in Europe.

### Segment data

The revenues of the individual segments consist of inter-segment revenues and of revenues with third parties outside the Group. The total third party revenues of the individual segments correspond with the consolidated revenues of the Group. The prices and conditions for products and services exchanged between Group companies and segments correspond to those with non-related parties. A breakdown of the revenues by product groups is provided in the information on revenues (Note 1).

EBIT (earnings before interest and taxes) represents earnings before taxes, adjusted for the net interest allocated to the segment and the income from investments. Based on this, EBITDA (earnings before interest, taxes, depreciation and amortisation) is EBIT plus the depreciation and amortisation on the intangible assets and the property, plant and equipment of the segment.

Reversals of impairment losses of altogether € 103,732 thousand (impairment losses of € 35,759 thousand in the prior year) were recognised on assets, comprising reversals of impairment losses of € 71,335 thousand (impairment losses of € 26,099 thousand in the prior year) relating to the Primary Copper segment, impairment losses of € 773 thousand (reversals of impairment losses of € 1,323 thousand in the prior year) relating to the Recycling / Precious Metals segment and reversals of impairment losses of € 33,170 thousand (impairment losses of € 10,983 thousand in the prior year) relating to the Copper Products segment. The reversals of impairment losses in the Primary Copper segment of € 71,335 thousand comprised impairment losses on fixed assets of € 0 thousand (€ 3,052 thousand in the prior year) and reversals of impairment losses on current assets of € 71,335 thousand (impairment losses of € 23,047 thousand in the prior year). The impairment losses in the Recycling / Precious Metals segment of € 773 thousand (reversals of impairment losses of € 1,323 thousand in the prior year) related as in the prior year exclusively to the current assets. In the Copper Products segment, impairment losses of € 174 thousand were recognised on fixed assets (€ 2,794 thousand in the prior year) and reversals of impairment losses of € 33,344 thousand were recognised on current assets (impairment losses of € 8,189 thousand in the prior year).

The average number of employees for each segment includes the employees of all companies that were fully or proportionately consolidated in the accompanying financial statements. Employees of the proportionately consolidated companies have been included proportionately in accordance with the Group's holding. Employees, who became part of the Group in the course of the fiscal year, are included in accordance with the duration of their employment in the Group. Personnel expenses were reported accordingly.

## OTHER DISCLOSURES

### Related parties

In accordance with IAS 24, related parties are regarded as all persons and entities that are influenced by or that can influence the company.

In the Aurubis Group, various Group companies purchase various services from and provide various services to related companies as part of their normal business activities. Such deliveries and services are charged at market prices. Services are charged on the basis of existing contracts.

The following amounts from related companies were not consolidated:

| in € thousand | Income | Expenses | Receivables | Liabilities |
|---|---|---|---|---|
| Joint ventures | 53,544 | 8,570 | 2,109 | 289 |
| Subsidiaries | 90 | 12,986 | 0 | 3,733 |

No individual shareholders of Aurubis AG apart from Salzgitter AG exercise a significant influence on the Aurubis Group. The relationships to the Executive Board and Supervisory Board are disclosed below.

## Disclosures on the Executive Board and Supervisory Board

**Total compensation**

The total compensation of the active Executive Board members for fiscal year 2009/10 amounted to € 6,023,366 and included a fixed component for the past fiscal year of € 1,824,000, fringe benefits of € 102,134, a variable component of € 3,530,000 and a payment from the incentive plan of € 567,232. The proportional fair value of the 148,000 options acquired by the Executive Board as part of an incentive plan amounted to € 992,359. In addition, expenditure for pension provisions in the amount of € 993,377 was recognised as an expense.

Dr Werner Marnette, who resigned from the Executive Board as the Chief Executive Officer on 9 November 2007, received compensation of € 606,236 in fiscal year 2009/10.

Former members of the Executive Board and their surviving dependents received a total of € 1,469,220, while € 14,627,579 has been provided for their pension entitlement.

The compensation of the Supervisory Board for fiscal year 2009/10 amounted to € 1,225,069.

Details of the individual compensation of the members of the Executive Board and the Supervisory Board are provided in the compensation report.

**Shareholdings**

Members of the Supervisory Board hold 4,304 shares (5,592 in the prior year) and members of the Executive Board 11,800 shares (11,900 in the prior year) in Aurubis AG.

**Notifiable securities transactions**

*Directors' dealings*

In accordance with Section 15a German Securities Trading Act, the members of the Executive Board and the Supervisory Board must disclose the acquisition and sale of shares in the Company.

Members of the Executive Board did not carry out any notifiable securities transactions during the reporting period.

The Supervisory Board members, Dr Ernst Wortberg and Mr Helmuth Wirtz, informed the Company that they had sold 2,900 no-par-value shares in the Company in the period from 1 October 2009 to 30 September 2010.

The Company then reported this information to the Federal Financial Supervisory Authority and published it.

The Executive Board and Supervisory Board hold less than 1% of the shares issued by the Company.

## Declaration of conformity with the German Corporate Governance Code in accordance with Section 161 German Companies Act

The declaration required under Section 161 German Companies Act has been issued by the Executive Board and the Supervisory Board and has been made permanently accessible to the shareholders on the Company's website.

## Notification pursuant to Section 160 paragraph 1 No. 8 German Companies Act

On 2 October 2009 Barclays Global Investors UK Holdings Ltd, London, England, informed us pursuant to Sections 21 and 22 German Companies Act that Barclays Global Investors NA, San Francisco, USA, had exceeded the 3% threshold on 29 September 2009, and at that time held 3.07% of the voting rights (representing 1,253,800 shares with voting rights) in Aurubis AG.

Barclays Global Investors NA was attributed 3.02% of the voting rights (representing 1,232,648 shares with voting rights) of this 3.07% (representing 1,253,800 voting rights) in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act and 0.05% of the voting rights (representing 21,152 shares with voting rights) of this 3.07% (representing 1,253,800 voting rights) of the voting rights in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 15 October 2009 Barclays Global Investors UK Holdings Ltd, London, England, informed us pursuant to Sections 21 and 22 German Companies Trading Act that Barclays Global Investors NA, San Francisco, USA, had fallen below the 3% threshold on 6 October 2009, and at that time held 2.99% of the voting rights (representing 1,222,269 voting rights) in Aurubis AG.

Barclays Global Investors NA was attributed 2.94% of the voting rights (representing 1,201,117 voting rights) of this 2.99% (representing 1,222,269 voting rights) in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Companies Trading Act and 0.05% of the voting rights (representing 21,152 voting rights) of the 2.99% (representing 1,222,269 voting rights) of the voting rights in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 15 October 2009 Barclays Global Investors UK Holdings Ltd, London, England, informed us pursuant to Sections 21 and 22 German Securities Trading Act that Barclays Global Investors NA, San Francisco, USA, had exceeded the 3 % threshold on 7 October 2009, and at that time held 3.0035 % of the voting rights (representing 1,227,530 voting rights) in Aurubis AG.

Barclays Global Investors NA was attributed 2.95 % of the voting rights (representing 1,206,378 voting rights) of this 3.0035 % of the voting rights (representing 1,227,530 voting rights) in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act and 0.05 % of the voting rights (representing 21,152 voting rights) of this 3.0035 % (representing 1,227,530 voting rights) of the voting rights in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 16 November 2009 Barclays Global Investors UK Holdings Ltd, London, England, informed us pursuant to Sections 21 and 22 German Securities Trading Act that Barclays Global Investors NA, San Francisco, USA, had fallen below the 3 % threshold of Section 21 paragraph 1 German Securities Trading Act on 12 November 2009, and at that time held 2.95 % of the voting rights (representing 1,205,839 voting rights) in Aurubis AG.

Barclays Global Investors NA was attributed 2.88 % of the voting rights (representing 1,178,017 voting rights) of this 2.95 % of the voting rights (representing 1,205,839 voting rights) in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act and 0.07 % of the voting rights (representing 27,822 voting rights) of this 2.95 % (representing 1,205,839 voting rights) of the voting rights in Aurubis AG pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 1 December 2009 the investor BlackRock concluded the purchase from Barclays Global Investors NA and sent us the following notification, as a result of which the voting interest of the investor BlackRock in Aurubis AG amounted to a total of 5.56 %.

On 7 December 2009 BlackRock Financial Management, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Financial Management, Inc., had exceeded the thresholds of 3 % and 5 % of the voting rights on 1 December 2009, and at that time held 5.56 % of the voting rights (representing 2,273,658 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Financial Management., Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 7 December 2009 BlackRock Holdco 2, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Holdco 2, Inc., had exceeded the thresholds of 3 % and 5 % of the voting rights on 1 December 2009, and at that time held 5.56 % of the voting rights (representing 2,273,658 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Holdco 2, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 7 December 2009 BlackRock, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock, Inc., had exceeded the thresholds of 3 % and 5 % of the voting rights on 1 December 2009, and at that time held 5.56 % of the voting rights (representing 2,273,658 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

Salzgitter Aktiengesellschaft, Salzgitter, Germany, informed us in its notification dated 15 December 2009 pursuant to Sections 21, paragraph 1, and 24 German Securities Trading Act that the voting rights of its subsidiary, Salzgitter Mannesmann GmbH, Salzgitter, Germany, in Aurubis AG, Hamburg, Germany, had exceeded the 25 % threshold on 15 December 2009 and at the time amounted to 25.260 % of the voting rights (representing 10,323,640 voting rights).

Salzgitter Aktiengesellschaft, Salzgitter, Germany, informed us in its notification dated 15 December 2009 pursuant to Section 21 paragraph 1 German Securities Trading Act that its voting interest in Aurubis AG, Hamburg, had exceeded the 25 % threshold on 15 December 2009 and at the time amounted to 25.260 % of the voting rights (representing 10,323,640 voting rights). 25.260 % of the voting rights (representing 10,323,640 voting rights) are attributed to Salzgitter Aktiengesellschaft via Salzgitter Mannesmann GmbH pursuant to Section 22 paragraph 1 sentence 1 No. 1 German Securities Trading Act.

Salzgitter Aktiengesellschaft does not hold any voting rights directly.

On 23 December 2009 BlackRock, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock, Inc., had fallen below the threshold of 5% of the voting rights on 17 December 2009, and at that time held 4.98% of the voting rights (representing 2,033,845 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 5 January 2010 BlackRock Financial Management, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Financial Management, Inc., had fallen below the threshold of 5% of the voting rights on 17 December 2009, and at that time held 4.98% of the voting rights (representing 2,033,845 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Financial Management., Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 5 January 2010 BlackRock Holdco 2, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Holdco 2, Inc., had fallen below the threshold of 5% on 17 December 2009, and at that time held 4.98% of the voting rights (representing 2,033,845 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Holdco 2, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 19 February 2010 BlackRock, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock, Inc., had fallen below the threshold of 3% of the voting rights on 16 February 2010, and at that time held 2.99% of the voting rights (representing 1,222,493 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 19 February 2010 BlackRock Financial Management, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Financial Management, Inc., had fallen below the threshold of 3% of the voting rights on 16 February 2010, and at that time held 2.99% of the voting rights (representing 1,222,493 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Financial Management., Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 19 February 2010 BlackRock Holdco 2, Inc., Wilmington, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Holdco 2, Inc., had fallen below the threshold of 3% of the voting rights on 16 February 2010, and at that time held 2.99% of the voting rights (representing 1,222,493 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Holdco 2, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 13 April 2010 BlackRock, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock, Inc., had exceeded the threshold of 3% of the voting rights on 7 April 2010, and at that time held 3.16% of the voting rights (representing 1,291,271 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 13 April 2010 BlackRock Financial Management, Inc., New York, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Financial Management, Inc., had exceeded the threshold of 3% of the voting rights on 7 April 2010, and at that time held 3.16% of the voting rights (representing 1,291,271 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Financial Management., Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

On 13 April 2010 BlackRock Holdco 2, Inc., Wilmington, USA, informed us pursuant to Sections 21 and 24 German Securities Trading Act that BlackRock Holdco 2, Inc., had exceeded the threshold of 3 % of the voting rights on 7 April 2010, and at that time held 3.16 % of the voting rights (representing 1,291,271 voting rights) in Aurubis AG.

All of the voting rights are attributed to BlackRock Holdco 2, Inc., pursuant to Section 22 paragraph 1 sentence 1 No. 6 German Securities Trading Act in connection with Section 22 paragraph 1 sentence 2 German Securities Trading Act.

## Notification pursuant to Section 26 paragraph 1 German Securities Trading Act

Salzgitter Aktiengesellschaft, Salzgitter, Germany, informed us of the following pursuant to Section 27a German Securities Trading Act on 13 January 2010 in view of the voting interests held by its subsidiary Salzgitter Mannesmann GmbH, Salzgitter, Germany, in Aurubis AG, Hamburg, Germany, which the latter is attributed in accordance with Section 22 paragraph 1 sentence 1 No. 1 German Securities Trading Act:

1. From today's perspective, its investment in Aurubis AG is primarily aimed at the implementation of its own strategic goals.

2. It can imagine acquiring or in some other way securing further voting rights in Aurubis AG in the next twelve months, not however exceeding 30 % of the voting rights, depending on market developments and future economic conditions.

3. Two members of its Executive Board serve on the Supervisory Board of Aurubis AG. In this context and based on its shareholder status, Salzgitter Aktiengesellschaft can, as it deems necessary, influence further appointments to the administrative, management or supervisory bodies of Aurubis AG.

4. It does not aim to make any significant changes to the capital structure of Aurubis AG.

5. Only its own funds have been used for the acquisition of the voting rights in Aurubis AG.

Salzgitter Aktiengesellschaft has issued this notification also on behalf of its subsidiary Salzgitter Mannesmann GmbH in accordance with Section 24 German Securities Trading Act.

## Auditors' fees

The following fees were recorded as expenses for the fiscal year 2009/10 or the prior year for services rendered by the Group auditors, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft:

| in € thousand | 2009/10 | 2008/09 |
|---|---|---|
| Audit services | 601 | 590 |
| Other assurance and valuation services | 0 | 26 |
| Tax services | 9 | 0 |
| Other services | 175 | 0 |

## Events after the balance sheet date

There have been no special events since the balance sheet date.

Hamburg, 2 December 2010

**Aurubis AG**
Hovestrasse 50
20539 Hamburg

The Executive Board

Dr Bernd Drouven

Dr Stefan Boel

Erwin Faust

Dr Michael Landau

Peter Willbrandt

# INVESTMENTS AS PER SECTION 313 NO. 2 HGB AS AT 30 SEPTEMBER 2010

| | **Company name and registered office** | % of capital held | Currency | Held directly by | Equity in '000 | Net earnings in '000 |
|---|---|---|---|---|---|---|
| 1 | Aurubis AG | | EUR | | | |
| 2 | Aurubis Belgium nv / sa, Brussels | 100 | EUR | 1 | 745,614 | 77,700 [1] |
| 3 | Cumerio Austria GmbH, Vienna | 100 | EUR | 1 | 136,972 | 57 [1] |
| 4 | Aurubis Stolberg GmbH & Co. KG, Stolberg | 100 | EUR | 1 | 25,266 | 6,220 |
| 5 | RETORTE GmbH Selenium Chemicals & Metals, Röthenbach | 100 | EUR | 1 | 3,239 | 751 |
| 6 | Aurubis Italia Srl, Avellino | 100 | EUR | 1 | 21,904 | 87 [1] |
| 7 | Aurubis Switzerland SA, Yverdon-les-Bains | 100 | CHF | 1 | 3,072 | (7,046) [1] |
| 8 | CABLO Metall-Recycling & Handel GmbH, Fehrbellin | 100 | EUR | 1 | 4,385 | 871 |
| 9 | Peute Baustoff GmbH, Hamburg | 100 | EUR | 1 | 601 | 510 |
| 10 | Deutsche Giessdraht GmbH, Emmerich | 60 | EUR | 1 | 7,807 | 3,383 |
| 11 | E.R.N. Elektro-Recycling NORD GmbH, Hamburg | 70 | EUR | 1 | 2,977 | 725 |
| 12 | Aurubis Stolberg Verwaltungs-GmbH, Stolberg | 100 | EUR | 1 | 31 | 0 |
| 13 | Hüttenbau-Gesellschaft Peute mbH, Hamburg | 100 | EUR | 1 | 87 | 0 |
| 14 | CIS Solartechnik GmbH & Co. KG, Bremerhaven | 50 | EUR | 1 | (681) | (1,826) [2] |
| 15 | C.M.R. International N.V., Antwerp | 50 | EUR | 1 | 1,936 | 84 |
| 16 | VisioNA GmbH, Hamburg | 50 | EUR | 1 | 22 | (3) |
| 17 | PHG Peute Hafen- und Industriebetriebsgesellschaft mbH, Hamburg | 7 | EUR | 1 | 90 | 3 |
| 18 | Aurubis Bulgaria AD, Pirdop | 99.77 | EUR | 3 | 448,347 | 77,726 [1] |
| 19 | Aurubis Engineering EAD, Sofia | 100 | EUR | 3 | 402 | 23 [1] |
| 20 | Aurubis U.K. Ltd., Smethwick | 100 | GBP | 4 | 1,429 | 246 [1] |
| 21 | Aurubis Slovakia s.r.o., Dolný Kubín | 100 | EUR | 4 | 620 | 55 [1] |
| 22 | Schwermetall Halbzeugwerk GmbH, Stolberg | 50 | EUR | 4 | 64 | 12 |
| 23 | Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg | 50 | EUR | 4 | 45,997 | 8,521 [2] |
| 24 | JoSeCo GmbH, Kirchheim / Swabia | 33 | EUR | 5 | 206 | (8) |
| 25 | Agropolychim AD, Devnya | 1 | EUR | 19 | 10,183 | (19,016) |
| 26 | Retorte do Brasil LTDA, Joinville | 51 | BRL | 5 | 1,290 | – [3] |

[1] Equity and net earnings are based on the IFRS reporting package since statutory or country-specific financial statements are not yet available.

[2] Companies 14 and 23 were consolidated proportionately.

[3] The company was founded on 31 March 2010. The fiscal year ends on 31 December 2010.

# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report 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.

The Executive Board

Dr Bernd Drouven

Dr Stefan Boel

Erwin Faust

Dr Michael Landau

Peter Willbrandt

# AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Aurubis AG, comprising the balance sheet, the income statement, the statements of changes in equity and cash flows and the notes to the consolidated financial statements, together with the Group management report for the fiscal year from 1 October 2009 to 30 September 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB ("Handelsgesetzbuch": German Commercial Code) and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

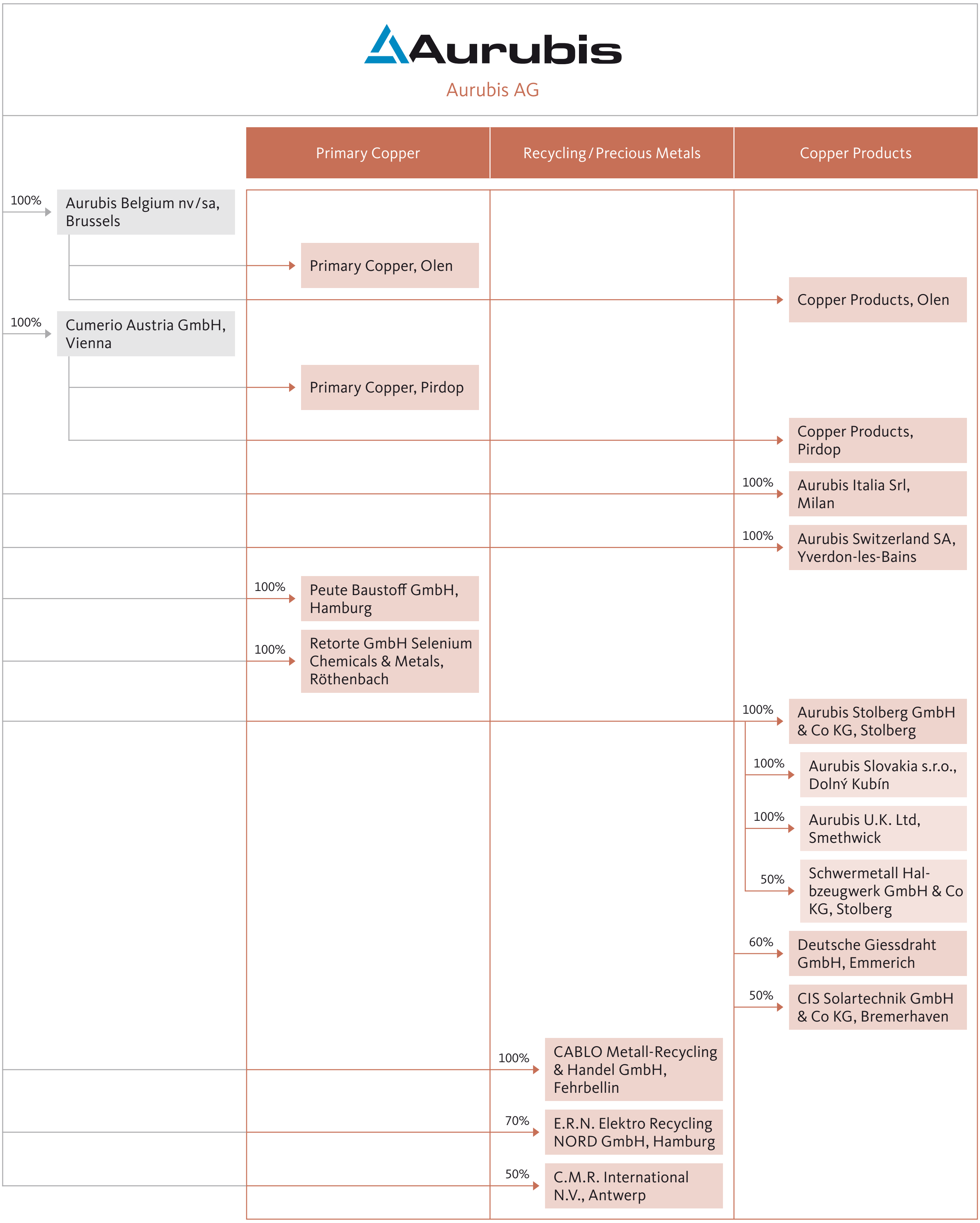
Hamburg, 14 December 2010

PricewaterhouseCoopers AG
Wirtschaftsprüfungsgesellschaft

Andreas Borcherding
Auditor

ppa. Matthias Kirschke
Auditor

# MAIN INVESTMENTS



# GLOSSARY

## SPECIFIC AURUBIS TERMS

### Anodes
Positive electrodes of an electrolytic cell, end-product of the RWO; copper content about 99.5 %.

### Anode slimes
Important by-product of the copper tankhouse, which settles on the bottom of an electrolytic cell as the copper anodes dissolve. The precious and non-soluble components of the anodes are recovered with the anode slimes (e.g. silver, gold, selenium and lead).

### Backwardation
Price relationship on the LME, when the spot price is higher than the forward or futures price. The price difference between cash and three month transactions is generally quoted; an indication of poor availability of cathodes for prompt delivery.

### Cathodes
Product of the copper tankhouse (copper content > 99.99 %) and the first marketable product in copper production which can be sold on the metal exchanges.

### CIS solar cells
For these solar cells, a two millionth of a metre thin film made of a copper, indium and selenium compound is applied to a carrier foil of copper, titanium or stainless steel. The name CIS is a combination of the first letters of the metals: copper, indium and selenium.

### Collection points
Companies and industrial enterprises where metal-bearing production residues arise. These can be pretreated and processed in the Lunen recycling centre in an environmentally friendly process.

### COMEX
Together with the LME one of the two most important metal exchanges. It is of particular importance to the American market.

### Commodity
Collective term for materials traded on the exchanges. These include non-ferrous metals, such as copper and tin, but also crude oil, beef, grain and coffee.

### Compliance
Compliance means conforming to a specification or policy that has been clearly defined. Apart from laws, directives and other standards, it also refers to corporate guidelines (e.g. code of conduct).

### Continuous cast wire rod
Semi-finished product produced in a continuous process for the production of copper wire with a standard diameter of 8 mm. Other dimensions can also be supplied.

### Continuous casting
Continuous casting produces a continuous strand. During the casting process, sizes of various lengths are separated from the casting billet by a flying saw. A variety of profiles (billets and cakes) and lengths can be created. These so called continuous cast shapes are processed further by rolling and pressing into sheets, foils, profiles and tubes.

### Converter
A furnace in which metal production or refining processes are typically carried out through oxidation. Copper matte from the flash smelter is treated in the converter into blister copper.

### Copper concentrates
A product resulting from the processing (enriching) of copper ore, the Aurubis Group's main raw material. Since copper is found principally only in ores in compound form and in low concentrations (0.5 to 4 % copper content), the ores, after extraction from the mine, are enriched in processing facilities into concentrates (copper content of 25 to 40 %).

### Copper tankhouse
In the copper tankhouse an electrochemical process, the last refining stage in copper recovery, takes place. Anodes and cathodes are hung in a sulphuric acid solution (electrolyte) and connected to an electric current. Copper and soluble impurities (nickel, etc.) are dissolved in the electrolyte. Copper from the solution is deposited on the cathode with a purity of more than 99.99 %. More precious elements (e.g. silver and gold) and insoluble components settle as so-called anode slimes on the bottom of the tankhouse cell.

**Flash smelter**
First phase in the processing of copper concentrate. The concentrate, which is suspended in a reaction shaft, reacts with oxygen and is melted through the heat released. Sulphur and iron are separated into intermediary products. The copper is then enriched in the copper matte (copper content about 65%).

**FOXROD**
Oxygen-free copper wire rod which depending on the customer's requirements contains alloying elements of up to 5%.

**Iron silicate**
A by-product of the (primary) copper concentrate smelting process. During the process the iron contained in the copper concentrate is combined with silicate flux to yield iron silicate. As granules or in a lumpy form it is mainly used in the construction industry.

**KRS**
Kayser Recycling System; a state-of-the-art recycling plant in Lunen for the treatment of a large range of copper-bearing secondary raw materials.

**LME**
London Metal Exchange: the most important metal exchange in the world with the highest turnover.

**OF copper**
Oxygen-free copper. Special copper brand with high conductivity for electric and electronic applications.

**Primary copper**
Copper recovered from copper ores.

**Recycled materials**
Materials in a closed loop economy. They arise as residues from production processes or during the preparation of end-of-life products and rejects and are ideal for recycling.

**RWO**
The primary smelter at the Aurubis Group's production site in Hamburg.

**Secondary copper**
Copper produced from recycled material.

**Settlement price**
Official cash selling rate on the LME. Price basis in annual sales agreements.

**Shape surcharge**
Fee for refining copper cathodes into copper products.

**Smelter**
A part of a works or company, in which crude metal or bullion are recovered, is called a smelter. Typical products are lead bullion or blister copper.

**Spot business**
Daily business; market for prompt deliveries.

**Stainless steel cathode sheets**
Negatively polarised electrodes used in the copper tankhouse, on to which the copper ions which are dissolved from the anodes are deposited cathodically as metallic copper.

**Sustainable Development**
Lasting future-oriented development targeted since the 1992 UN Conference as being the most sensible ideal of the way forward in environmental protection.

**Top blown rotary converter (TBRC)**
A single-stage pyrometallurgical facility for the recovery of precious metals from the anode slimes in the copper tankhouse.

**Treatment and refining charges (TC/RCs)**
Compensation which Aurubis receives for the processing of copper concentrates and other raw materials into copper.

# GLOSSARY OF FINANCIAL TERMS

## EBIT
EBIT (earnings before interest and tax) is an indicator of a company's operative earning power, ignoring its capital structure.

## EBITDA
EBITDA (earnings before interest, taxes, depreciation and amortisation) is an indicator of a company's operative earning power, ignoring its capital structure and propensity to invest.

## EBT
EBT (earnings before tax) is an indicator of a company's earning power.

## ROCE
ROCE (return on capital employed) is the ratio of EBIT to average capital employed. It therefore represents the efficiency with which capital was utilised to generate earnings in the period under review.

## Capital employed
Capital employed is the sum of equity, provisions for pension liabilities and financial liabilities, less cash and cash equivalents.

## Gearing
Gearing is the ratio of net financial liabilities to equity.

## Net financial liabilities
Net financial liabilities consist of long and short-term financial liabilities less cash and cash equivalents.

## Gross cash flow
Gross cash flow is the sum of the generated cash and cash equivalents before taking into account cash related changes in working capital.

## Net cash flow
Net cash flow is the generated surplus of cash and cash equivalents after taking into account cash related changes in working capital. It is available for payments in conjunction with the company's investing and financing activities.

## Free cash flow
Free cash flow is the generated surplus of cash and cash equivalents taking into account cash related changes in working capital and after deducting capital expenditure. It is available for the company's dividend and interest payments as well as for the redemption of financial liabilities.

# 5-YEAR OVERVIEW

| Aurubis Group (IFRS) | | 2009/10 [1] | 2008/09 [1] | 2007/08 [1)2] | 2006/07 [1] | 2005/06 [1] |
|---|---|---|---|---|---|---|
| Copper price LME settlement (average) | US$/t | 7,036 | 4,480 | 7,785 | 7,088 | 6,033 |
| **Results** | | | | | | |
| Revenues | € million | 9,865 | 6,687 | 8,385 | 6,469 | 5,753 |
| EBITDA | € million | 392 | 216 | 474 | 318 | 163 |
| EBIT | € million | 286 | 111 | 382 | 260 | 111 |
| EBT | € million | 258 | 73 | 341 | 251 | 103 |
| Net income | € million | 193 | 53 | 237 | 159 | 60 |
| Gross cash flow | € million | 241 | 283 | 399 | 231 | 112 |
| **Balance sheet** | | | | | | |
| Total assets | € million | 3,076 | 2,692 | 2,966 | 1,940 | 1,811 |
| Non-current assets | € million | 999 | 969 | 920 | 610 | 360 |
| Capital expenditure | € million | 151 | 111 | 114 | 94 | 48 |
| Depreciation and amortisation | € million | 106 | 106 | 92 | 58 | 52 |
| Equity | € million | 1,084 | 935 | 947 | 654 | 501 |
| **Aurubis shares** | | | | | | |
| Market capitalisation [3] | € million | 1,429 | 1,164 | 1,232 | 1,146 | 705 |
| Earnings per share | € | 4.69 | 1.28 | 5.82 | 4.24 | 1.64 |
| Dividend per share | € | 1.00 [4] | 0.65 | 1.60 | 1.45 | 1.05 |
| **Human resources** | | | | | | |
| Number of employees (average) | | 4,754 | 4,715 | 4,106 | 3,219 | 3,187 |
| Personnel expenses | € million | 295 | 270 | 266 | 215 | 194 |
| **Production** | | | | | | |
| Cathodes | 1,000 t | 1,144 | 1,086 | 852 | 572 | 551 |
| Continuous cast wire rod | 1,000 t | 766 | 622 | 718 | 451 | 423 |
| Continuous cast shapes | 1,000 t | 210 | 153 | 222 | 232 | 266 |
| Pre-rolled strip | 1,000 t | 210 | 145 | 216 | 120 | 130 |
| Strips | 1,000 t | 41 | 29 | 44 | 46 | 54 |
| Shaped wires | 1,000 t | 10 | 10 | 16 | 16 | 13 |
| Special profiles | t | 7,017 | 4,642 | 4,390 | – | – |
| Gold | t | 38 | 33 | 34 | 33 | 35 |
| Silver | t | 1,339 | 1,230 | 1,280 | 1,255 | 985 |

1) before revaluation of LIFO inventories using the average cost method
2) including Cumerio as of 29 February 2008
3) at fiscal year-end on 30 September
4) recommendation

# Financial calendar 2011

| | |
|---|---|
| 14 December 2010 | Financial statements 2009/10 |
| 9 February 2011 | Interim report on first quarter 2010/11 |
| 3 March 2011 | Annual General Meeting |
| 13 May 2011 | Interim report on second quarter 2010/11 |
| 10 August 2011 | Interim report on third quarter 2010/11 |
| 19 December 2011 | Financial statements 2010/11 |

Our fiscal year begins on 1 October and ends on 30 September.

# IMPRINT

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