



Management report and financial statements 2009/10

Aurubis AG

Copper connects.

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Management Report

Aurubis AG

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BUSINESS AND STRATEGY

BUSINESS ACTIVITIES AND COMPANY STRUCTURE

Performance profile

Aurubis AG's core business is the production of copper and copper products, and the recycling of secondary raw materials. The Company is therefore represented operationally along parts of the value added chain of copper. The production of precious metals and specialty products rounds off the service range.

The Company produces its copper primarily from copper concentrates which are mainly sourced overseas and processed at the Hamburg site. In addition, intermediate products, copper scrap and other metal-bearing recycling raw materials are processed in the smelting plants in Hamburg and Lunen, which are mainly procured in Europe. Special recycling facilities are available for residues from metal processing and for electronic scrap.

We produce a top-quality and high-purity cathode copper at the Hamburg and Lunen sites, which is mainly processed into copper products, but can also be marketed as a metal exchange product 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 covers the product manufacture. The most important copper product is continuous cast electrolytic copper wire rod which is delivered in different dimensions above all to the cable and wire fabricators. On top of this, we produce continuous cast shapes. Specialty products made of the other by-elements and by-metals in our raw materials complete the product portfolio.

Organisational structure

Aurubis AG has its headquarters and administrative offices in Hamburg, where the main production facilities are concentrated. The Company is active in three business segments oriented to the value added chain of copper.

The **primary copper** sector mainly comprises the production facilities for the processing of copper concentrates and the production of copper cathodes in Hamburg. It also includes the marketing of sulphuric acid and other specialty products.

The **recycling/precious metals** sector includes the recycling of copper and other metals from secondary raw materials as well as the production of precious metals. Companies and investments in connected business areas round off the field of activity.

The **copper products** sector mainly comprises the production and marketing of copper products.

In addition, the Company also has service and administrative sectors.

Legal structure 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.

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.

Aurubis AG took over the European competitor Cumerio in fiscal year 2007/08. Cumerio was engaged in the production and processing of copper throughout Europe. All the main former Cumerio companies have meanwhile uniformly been renamed as Aurubis.

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.

In processing, we focus on products for growing areas of application of industrial customers, for whom the electrical and thermal conductivity of copper and copper alloys plays a major role.

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.

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.

Strategically significant investment projects continued

Capacity utilisation 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 due to the economic crisis, such as reduced working hours, were discontinued completely.

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. In recycling the input of composite materials in the Kayser Recycling System (KRS) was improved and work continued on the KRS-Plus project.

Sustainability is the basis of our corporate development

Apart from growth and improvement, Aurubis AG's strategy also includes responsibility for customers and products, employees and society.

We also take responsibility when it comes to the environment. Climate protection is important for us. We corroborate this by implementing 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.

Corporate management based on return on capital employed

The main objective of the management control system is to increase the Aurubis AG'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 AG's capital expenditure guidelines and project management establish the uniform presentation and assessment of various projects. 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 used as parameters to assess investment projects.

BUSINESS PERFORMANCE

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 Aurubis AG'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 AG. 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 a special 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.

Exchange rates

Financial accounting and reporting is performed in euros. Part of the business is, however, subject to 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.

Energy prices

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

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 was slightly less than the average prior-year level.

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 make additional purchases of expensive external liquid gas superfluous.

We have also 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 CO₂ 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 CO₂ in our industry would result in diminished international competitiveness.

The actual organisation of the allocation of free licences for the CO₂ quantities emitted in our operations, or compensation for the CO₂ 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 CO₂ 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 stronger growth than the rest of 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.

Basic economic conditions improved 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.

Good economic climate in the industries 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 AG'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.

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 insufficient to cover demand

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 to obtain for customers in the high-consumption regions of Asia and Europe.

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 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.

PERFORMANCE OF PRIMARY COPPER SECTOR

Short supply on the concentrate market

The international market for copper concentrates was characterised by a supply deficit in fiscal year 2009/10. The smelting and refining charges (TC/RCs) 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.

Primary copper sector 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 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.

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.

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.

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

The Hamburg tankhouse only achieved a cathode output of 364,000 tonnes (374,000 tonnes in the prior year) on account of scheduled technical modifications.

PERFORMANCE OF RECYCLING/PRECIOUS METALS SECTOR

The business performance in the recycling/precious metals sector 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 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.

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 at our Lunen plant. Typical materials include electrical and electronic scrap and various 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.

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 led to a high 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 records of 1,339 tonnes of silver and 38 tonnes of gold.

PERFORMANCE OF THE COPPER PRODUCTS SECTOR

Copper product markets benefit from upswing

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

Domestic demand increased significantly again in Germany's metropolitan areas, 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.

The markets for shapes and rod in particular experienced positive demand momentum. The pre-crisis level was nearly reached again at times.

Business performance | Recycling/Precious Metals sector
 | Copper Products sector
 | Research and development

From an industry perspective, the automotive, enamelled wire production for white and brown commodities and mechanical engineering sectors, in particular, had 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 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. In order to serve 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.

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 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.

RESEARCH AND DEVELOPMENT

Innovative strength and research and development (R&D) are basic essentials at Aurubis AG for improving competitiveness. Both are oriented toward our corporate strategy and make a contribution to enhancing the production competencies. 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

Under innovation, we understand the implementation of ideas for processes, products, services and business models which have not existed in the Company up to now and represent value added for us and our business partners.

Our innovation management system complements the still existing company suggestion scheme (BVW) 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.

When launching innovative processes, we considered it of utmost importance that the employees were kept well informed. With this in mind, events were held to provide briefings on system principles. Particular attention was paid to the presentation and direct application of creativity methods.

The topic gains increasingly in dynamics 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. Most of the expenditure was allocated to projects to improve processes. The expenditure for R&D amounted to €4.3 million.

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

One project focus for the primary copper and recycling/precious metals segments was to improve the metal yield. 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 process objective was not just to reduce the influence of undesirable accompanying 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 copper products sector 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.

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 target set. 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

On average about 2,491 people (2,534 employees as at 30 September 2010) worked at Aurubis AG in the fiscal year. Every single one contributes to the success of the Company with his ideas and personal commitment.

Personnel strategy and management even more innovative

The personnel strategy derived from the corporate strategy focused inter alia on the development of modern personnel instruments, on management development and on the introduction of leadership guidelines.

These leadership guidelines were adopted by the managers in 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 managers are faced with constantly increasing challenges and must in particular positively support the issue of organisational change 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 increasing internationality, most of the programme offerings are held in English.

A programme to bring out the potential in younger employees is currently being developed and is scheduled to start in 2011. The basic idea behind this is to identify qualified candidates 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 (senior staff) was introduced on 1 October 2010. 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 performance must look on all levels 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 AG's success. Performance and success-oriented compensation is a fundamental element of the 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 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).

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 364,750 options between March and September 2010 and therefore received a special bonus of € 5.77 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 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 our apprenticeships. 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.

Increasing employees' qualifications by further training

The training of our employees represents a central element of our personnel policy. Again many employees participated in seminars and courses in the reporting period to acquire additional knowledge and skills appropriate to their jobs. 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 agreed that a demography amount would be made available to Aurubis AG 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 company agreement. Of the 2,087 eligible employees in Hamburg and Lünen, 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 Lünen 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 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.

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 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

Value workshops on Aurubis AG's PRIMA values (Performance, Responsibility, Integrity, Mutability, Appreciation) took place with 833 managers at the Aurubis AG sites. The objective was to communicate and implement the new PRIMA values. Action plans were drawn from site-specific analyses of strengths and weaknesses. The findings gained in the workshops are being integrated in the employees' daily work.

Thanks from the Executive Board

Again in fiscal year 2009/10 all the employees contributed to the Company'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.

In fiscal year 2009/10 Aurubis invested about one-third of its total capital expenditure in environmental protection measures. The total capital expenditure at the Hamburg and Lunen sites amounted to € 117.5 million.

Sustainable production is achieved 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. At the beginning of 2010 these harmonised key environmental protection figures were examined and certified by the TÜV in 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.

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.

Aurubis AG 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 CO₂ 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.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

Development of earnings and main items in the income statement

in € million	2009/10	2008/09
Revenues	6,760	4,344
Changes in inventories	42	(9)
Other income	37	31
Cost of materials	(6,438)	(4,005)
Gross profit	401	361
Personnel expenses	(189)	(166)
Depreciation and amortisation	(41)	(37)
Other operating results	(76)	(77)
EBIT*	95	81
Result from investments	40	(8)
Net interest expense	(32)	(31)
Financial results	8	(39)
Earnings before taxes (EBT)	103	42
Taxes	(13)	(26)
Net income for the year	90	16

* EBIT calculated without including the result from investments; the prior year was adjusted accordingly.

Aurubis AG's earnings were considerably up on the prior-year figures, reflecting the general economic recovery from the effects of the financial and economic crisis. The business performance was affected by high metal prices, an efficient metal yield and increased refining charges for scrap metal. Higher prices for sulphuric acid contributed further to increasing earnings.

The gross profit increased by € 40 million to € 401 million. This was partly offset by higher personnel expenses (€ 23 million). The increase in the personnel expenses is due to the increased profit-sharing bonuses based on the Company's results, a higher number of employees and the higher expenditure for pension provisions. Earnings before taxes (EBT) grew by € 61 million to € 103 million. Earnings before interest and taxes (EBIT) at € 95 million and earnings before interest, taxes, depreciation and amortisation (EBITDA) at € 136 million were up on the prior year.

Aurubis AG's result from investments includes dividend payments from subsidiaries amounting to € 40.2 million (€ 88.0 million in the prior year). The result from investments in the prior year was weighed on by impairment losses on the carrying amounts of the investments in Aurubis Belgium nv/sa, Olen/Belgium and Aurubis Stolberg GmbH & Co KG, Stolberg. In the past fiscal year, no impairment losses on investments were necessary.

After taking into account income taxes of € 13 million (€ 26 million in the prior year), net income for the year amounted to € 90 million, € 74 million up on the prior year. The calculated tax rate is therefore 12% (62% in the prior year), which has considerably decreased, due particularly to the release of non-tax-deductible provisions.

Return on capital employed (ROCE) in € thousand	30.9.2010	30.9.2009
Equity	808,993	745,805
Provisions for pensions	54,919	52,036
Borrowings *	859,241	818,008
Less: Cash and cash equivalents	(114,405)	(163,756)
Capital employed as at the balance sheet date	1,608,748	1,452,093
Earnings before taxes (EBT)	103,055	41,540
Net interest expense	32,067	30,696
Earnings before interest and taxes (EBIT)	135,122	72,236
Return on capital employed (ROCE)	8.4 %	5.0 %

* Calculation of borrowings was adjusted by the interest-bearing payables existing with subsidiaries, less receivables. The prior year was adjusted accordingly.

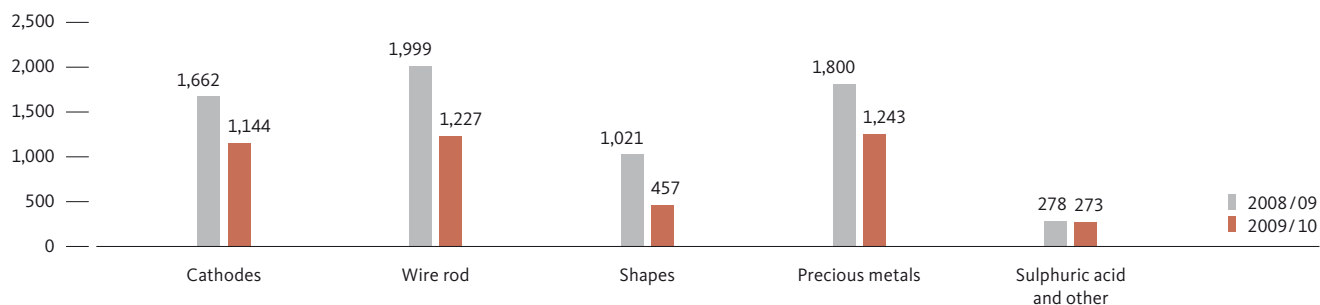
Capital employed as at the balance sheet date of 30 September 2010 amounted to € 1,609 million (€ 1,452 million in the prior year). This results in a return on capital employed (ROCE) of 8.4%, compared with 5.0% in the prior year.

Development of revenues

Revenues rose from € 4,344 million in the prior year to € 6,760 million in fiscal year 2009/10. Of the about 56% increase in revenues, 84% resulted from higher metal prices and 16% resulted from higher sales volumes of metals.

DEVELOPMENT OF REVENUES OF AURUBIS AG BY PRODUCTS

in € million



Geographical breakdown of revenues

in %	2009/10	2008/09
Germany	50	51
European Union	41	33
Rest of Europe	2	2
Other countries	7	14
Total	100	100

As in the prior year, the company's revenues were primarily generated with customers in Germany (50%) and the European Union (41%). The share of the revenues in other countries mainly resulted from sales in the Asian region (3%).

The cost of materials ratio rose largely due to the increased metal prices from 92.4% to 94.6%. After including other income, a gross profit of € 401 million is reported (€ 361 million in the prior year).

FINANCIAL POSITION

Financial position and analysis

Borrowings amounted to € 421 million as at the balance sheet date (€ 374 million in the prior year). These are due as follows:

in less than 1 year	€ 252 million
1 to 5 years	€ 169 million

After deducting cash and cash equivalents of € 114 million (€ 164 million in the prior year), net borrowings as at 30 September 2010 amounted to € 307 million (€ 210 million in the prior year). The increase in borrowings reflects inter alia the greater financing needs due to higher metal prices.

Gearing, or the ratio of net borrowings to equity, is an indicator of the structure of the funding. On 30 September 2010, this was 38%, a higher level than in the prior year (28%).

The ratio of net borrowings to earnings before interest, taxes, depreciation and amortisation (EBITDA) shows the length of time required to redeem the existing borrowings from the company's income. This has increased slightly on average from 1.7 in the prior year to 2.3 in the last fiscal year, on account of the greater financing needs due to higher metal prices. Aurubis AG is therefore still in a good position here.

The ratio of EBITDA to net interest expense expresses clearly the number of times net interest expense is covered by earnings before interest, taxes, depreciation and amortisation. A factor of 4.3 was achieved for the past fiscal year (3.8 in the prior year).

Liquidity and financial analysis

The cash flow statement shows the financing sources and the utilisation of funds during the reporting period.

Gross cash flow generated by operations in fiscal year 2009/10 (calculated on the basis of the net income, depreciation and amortisation, changes in non-current provisions and the result of the disposal of fixed assets) amounted to € 143.5 million, after € 147.2 million in the prior year. Decreased depreciation and amortisation on account of write-downs on financial assets performed in the prior year were offset by increased earnings before taxes and increased allocations to long-term provisions in the personnel sector. Funds flowed out of the working capital mainly as a result of the build-up of inventories due to higher metal prices as well as increased precious metal stocks. In total, the cash outflow from the change in working capital amounted to € 54.4 million in the reporting period.

The net cash outflow for investing activities amounted to € 118.3 million (€ 119.6 million in the prior year). Capital expenditure focused on the expansion of electronic scrap and concentrate processing facilities at the Hamburg and Lunen sites as well as in various infrastructure, replacement and improvement measures.

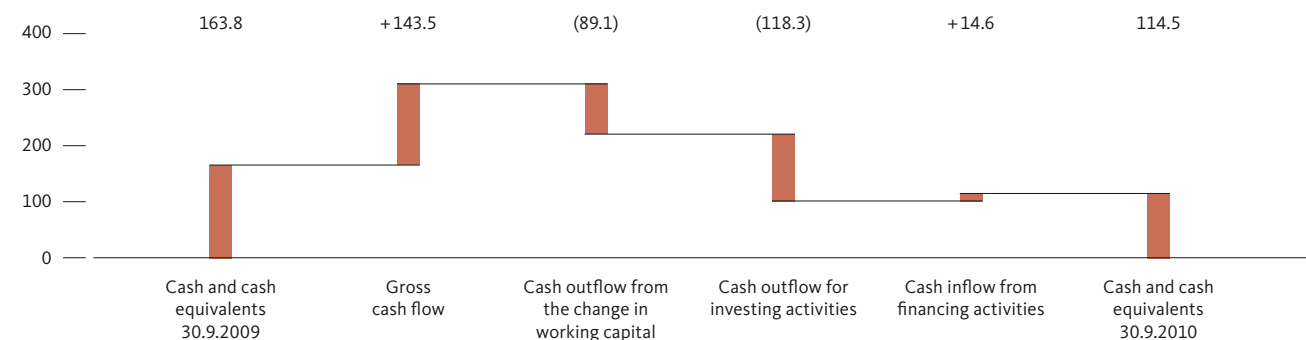
The cash outflow for investing activities was funded by the current gross cash flow. The changes in working capital were financed by the taking up of bank loans and the reduction of cash and cash equivalents.

Cash and cash equivalents at the end of the reporting period amounted to € 114.5 million and ensure the Company's liquidity.

An adequate liquidity reserve is ensured by unused portions of approved credit lines. In addition, apart from bilateral bank loans, the sale of receivables without recourse in conjunction with factoring agreements is used as a financing instrument.

SOURCE AND APPLICATION OF FUNDS

in € million



NET ASSETS

Analysis of net assets structure

Total assets rose year-on-year by € 200.8 million to € 2,549.8 million. This is due in particular to the € 87.4 million increase in inventories and the € 99.5 million increase in receivables and other assets, which is primarily attributable to higher metal prices and increased precious metal stocks. By contrast, the increased volumes of receivables sold without recourse under factoring agreements had the reverse effect. The lower receivables from affiliated companies of € 13.2 million reported mainly resulted from the repayment of loans granted to subsidiaries. Cash and cash equivalents decreased by € 49.4 million to € 114.4 million in the past fiscal year.

Overall, fixed assets rose by € 76.0 million to € 1,547.0 million as at 30 September 2010 (€ 1,471.0 in the prior year). Among other factors, this was caused by investments associated with an electricity supply contract. Their share of total assets amounted to 61% on account of the higher balance sheet total (63% in the prior year).

The share of inventories in the total assets at 19% is slightly higher than the prior year (17%) as a result of higher metal prices and increased precious metal stocks.

Receivables and other assets went up altogether by € 86.8 million to € 394.5 million. Their share of total assets increased as well, from 13% in the prior year to 15% as at 30 September 2010.

Equity increased on account of the higher net income less the dividend payment of € 26.6 million in the reporting year, from € 745.8 million in the prior year to € 809.0 million. The equity ratio remained constant at 32%, maintaining the prior year level.

Balance sheet structure of Aurubis AG

in %	30.9.2010	30.9.2009
ASSETS		
Fixed assets	61	63
Inventories	19	17
Receivables, etc.	16	13
Cash and cash equivalents	4	7
	100	100
LIABILITIES		
Equity	32	32
Provisions	7	9
Liabilities	61	59
	100	100

Provisions for pensions rose by € 2.9 million to € 54.9 million on account of the use of a lower discount rate of 5.2% (5.3% in the prior year), which was calculated as the average long-term market interest rate for the past seven years, and further adjustments of the parameters on account of current assessments. The € 28.0 million decrease in other provisions to € 128.3 million is mainly due to declining provisions for impending losses from onerous transactions.

The additional financing needs as a result of increased metal prices contributed considerably to a € 46.3 million increase in bank loans and overdrafts to € 420.7 million. The repayment of the funds for the acquisition of the investment in the Cumerio Group had the reverse effect.

Trade accounts payable increased by € 116.6 million to € 444.7 million. Payables to affiliated companies fell by € 27.0 million to € 559.3 million in connection with cash pool payment transactions.

The increase in sundry liabilities of € 106.1 million to € 126.9 million is due in particular to higher VAT and customs duties.

Capital expenditure

Capital expenditure in the past fiscal year mainly focused on general plant maintenance, the expansion of the production capacities and environmental protection.

During the past fiscal year, € 11 million was invested in the Future RWO project at the Hamburg site. The project consists of several measures, including the increase in concentrate processing in the smelter and the modernisation and expansion of the tankhouse. The whole project will be implemented gradually over a period of about four years. In addition, capital expenditure was also directed into the expansion of secondary material processing facilities and the expansion of anode slimes processing.

Expenditure associated with an electricity supply contract led to capital expenditure on intangible assets.

At the Lunen recycling centre, € 14 million was invested in particular in the construction of a second Kayser Recycling System, which will be used as a converter and will result in an increase in the throughput of recycling materials. Aside from this, about € 2 million were invested in a new works entrance that will optimise the material flow and relieve traffic.

In addition, further projects were implemented at the Hamburg and Lunen sites in infrastructure, energy efficiency and environmental protection.

OVERALL STATEMENT ON THE ECONOMIC SITUATION OF AURUBIS AG

Aurubis AG has developed successfully 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.

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 the 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.

LEGAL DISCLOSURE REQUIREMENTS

ACT ON THE APPROPRIATENESS OF EXECUTIVE BOARD REMUNERATION (VORSTOG)

The declaration on corporate governance and the compensation report are part of the consolidated management report. Both are printed at the end 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 289 paragraph 4 of the 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.
- 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 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.

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 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 AG'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 objective is to limit negative effects on earnings caused by risks as far as possible by appropriate countermeasures. Our principles are defined in a guideline for risk management.

The Aurubis AG'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. Risk management officers have been appointed for all sites and business sectors. The network is managed by the headquarters in Hamburg. The risk management reports directly to the Chief Financial Officer.

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 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 Aurubis. 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 recycling / precious metals sector 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 copper products sector is mainly covered by copper cathodes that we produce. 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.

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. 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.

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.

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 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 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 accounting process
(Report in accordance with Section 289 paragraph 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 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 financial statements, and subsequent 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 included.

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, 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. 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.

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 IWF 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 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 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.

Primary copper production remains successful

Copper concentrates, which are sourced all over the world, are the most important raw material in the primary copper sector. 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.

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 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 target has top priority for us.

Good supply expected on recycling markets

In fiscal year 2008/09 we reviewed the strategy of the recycling/precious metals segment 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 is 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 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.

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.

Overall we intend to increase the production and sales activities 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 was characterised by a stable high gross cash flow in the past fiscal year, 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.

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 strategic 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 Aurubis AG

Aurubis AG 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 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 of availability continuing to be satisfactory are, however, good. Overall, a picture results that reflects confidence in the business performance for the next two years.

Work continues throughout the Company 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.

Financial statements of Aurubis AG

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INCOME STATEMENT

for the period 1 October to 30 September (HGB)

in € thousand	Note	2009/10	2008/09
Revenues	11	6,759,641	4,343,711
Changes in inventories of finished goods and work in process		42,327	(9,352)
Own work capitalised		4,545	3,466
		6,806,513	4,337,825
Other operating income	12	31,535	28,435
Cost of materials	13		
Cost of raw materials, supplies and merchandise		6,283,464	3,873,837
Cost of purchased services		153,191	131,590
		6,436,655	4,005,427
Gross profit		401,393	360,833
Personnel expenses	14		
Wages and salaries		153,826	135,676
Social security, pension and other benefit expenses – of which for pensions € 7,245 thousand (€ 3,309 thousand in the prior year)		35,037	30,574
		188,863	166,250
Depreciation and amortisation	15	41,417	36,726
Other operating expenses	16	76,181	77,536
Operating result	16	94,932	80,321
Income from investments – of which from affiliated companies € 40,190 thousand (€ 88,019 thousand in the prior year)	17	40,190	88,019
Income from other securities and loans reported under financial fixed assets – of which from affiliated companies € 0 thousand (€ 0 thousand in the prior year)	18	212	1,128
Other interest and similar income – of which from affiliated companies € 3,814 thousand (€ 8,370 thousand in the prior year)	18	7,212	16,428
Write-down of fixed asset securities and investments	17, 18	0	96,103
Interest and similar expenses – of which from affiliated companies € 19,534 thousand (€ 21,551 thousand in the prior year)	18	39,491	48,252
Earnings before taxes		103,055	41,541
Income taxes	19	12,560	25,349
Other taxes		741	734
Net income for the year		89,754	15,458
Net income brought forward from the previous year		39,964	58,800
Allocation to other revenue reserves		44,876	7,728
Unappropriated earnings		84,842	66,530

BALANCE SHEET

as at 30 September (HGB)

ASSETS

in € thousand	Note	30.9.2010	30.9.2009
Licences, industrial property rights and similar rights and assets, and licences		64,486	4,297
Goodwill		3,825	4,303
Payments on account		41	28
Intangible assets		68,352	8,628
Land and buildings		77,554	69,859
Technical equipment and machinery		99,733	95,175
Other equipment, factory and office equipment		8,768	8,971
Payments on account and assets under construction		61,525	58,038
Property, plant and equipment		247,580	232,043
Interests in affiliated companies		1,171,819	1,171,819
Investments		4,293	3,893
Fixed asset securities		54,407	54,407
Other loans		592	177
Financial fixed assets		1,231,111	1,230,296
Fixed assets	1	1,547,043	1,470,967
Raw materials and supplies		187,320	142,454
Work in process		262,269	219,514
Finished goods, merchandise		44,202	44,408
Payments on account on inventories		0	64
Inventories	2	493,791	406,440
Trade accounts receivable		139,546	86,275
Receivables from affiliated companies – thereof receivables with a maturity of more than 1 year € 0 thousand (€ 0 thousand in the prior year)		188,686	205,538
Receivables from enterprises in which investments are held		4,226	552
Other assets – thereof receivables with a maturity of more than 1 year € 307 thousand (€ 302 thousand in the prior year)		61,998	15,312
Receivables and other assets	3	394,456	307,677
Short-term security investments	4	51	200
Cash and cash equivalents	5	114,405	163,756
Current assets		1,002,703	878,073
Prepaid expenses		63	8
Total assets		2,549,809	2,349,048

LIABILITIES

in € thousand	Note	30.9.2010	30.9.2009
Subscribed capital		104,627	104,627
– Conditional capital € 52,313 thousand			
Additional paid-in capital		189,939	189,939
Revenue reserves			
Legal reserve		6,391	6,391
Other revenue reserves		423,194	378,318
Unappropriated earnings		84,842	66,530
Equity	6	808,993	745,805
Provisions for pensions		54,919	52,036
Provisions for taxes		0	0
Other provisions		128,319	156,357
Provisions	7	183,238	208,393
Bank loans and overdrafts			
– thereof with a maturity of up to 1 year € 251,875 thousand (€ 87,302 thousand in the prior year)		420,652	374,385
Advance payments received on orders			
– thereof with a maturity of up to 1 year € 4,763 thousand (€ 3,964 thousand in the prior year)		4,763	3,964
Trade accounts payable			
– thereof with a maturity of up to 1 year € 444,672 thousand (€ 328,058 thousand in the prior year)		444,672	328,058
Payables to affiliated companies			
– thereof with a maturity of up to 1 year € 183,546 thousand (€ 210,546 thousand in the prior year)		559,346	586,346
Payables to enterprises in which investments are held			
– thereof with a maturity of up to 1 year € 1,208 thousand (€ 1,348 thousand in the prior year)		1,208	1,348
Other liabilities			
– thereof taxes € 90,630 thousand (€ 55,285 thousand in the prior year)		126,934	100,749
– thereof social security contributions € 6,828 thousand (€ 6,933 thousand in the prior year)			
– thereof with a maturity of up to 1 year € 126,934 thousand (€ 100,749 thousand in the prior year)			
Liabilities	8	1,557,575	1,394,850
Prepaid expenses		3	0
Total equity and liabilities		2,549,809	2,349,048

CHANGES IN FIXED ASSETS

as at 30 September 2009

	Acquisition or construction cost 1.10.2009	Additions	Disposals	Transfers
in € thousand				
Intangible assets				
1. Licences, industrial property rights and similar rights and assets, and licences	23,136	61,618	287	0
2. Goodwill	7,172	0	0	0
3. Payments on account	28	13	0	0
	30,336	61,631	287	0
Property, plant and equipment				
1. Land and buildings	323,591	5,093	3,266	9,226
2. Technical equipment and machinery	731,487	15,922	15,844	19,306
3. Other equipment, factory and office equipment	50,354	2,688	2,644	163
4. Payments on account and assets under construction	58,038	32,182	0	(28,695)
	1,163,470	55,885	21,754	0
Financial fixed assets				
1. Interests in affiliated companies	1,288,147	0	0	0
2. Investments	4,379	400	0	0
3. Fixed asset securities	54,995	0	0	0
4. Other loans	177	450	35	0
	1,347,698	850	35	0
	2,541,504	118,366	22,076	0

Acquisition or construction cost 30.9.2010	Depreciation, amortisation and write-downs 1.10.2009	Depreciation, amortisation and write-downs in the current fiscal year	Disposals	Depreciation, amortisation and write-downs 30.9.2010	Carrying amount 30.9.2010	Carrying amount 30.9.2009
84,467	18,839	1,428	286	19,981	64,486	4,297
7,172	2,869	478	0	3,347	3,825	4,303
41	0	0	0	0	41	28
91,680	21,708	1,906	286	23,328	68,352	8,628
334,644	253,732	6,475	3,117	257,090	77,554	69,859
750,871	636,312	30,036	15,210	651,138	99,733	95,175
50,561	41,383	3,000	2,590	41,793	8,768	8,971
61,525	0	0	0	0	61,525	58,038
1,197,601	931,427	39,511	20,917	950,021	247,580	232,043
1,288,147	116,328	0	0	116,328	1,171,819	1,171,819
4,779	486	0	0	486	4,293	3,893
54,995	588	0	0	588	54,407	54,407
592	0	0	0	0	592	177
1,348,513	117,402	0	0	117,402	1,231,111	1,230,296
2,637,794	1,070,537	41,417	21,203	1,090,751	1,547,043	1,470,967

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PRESENTATION

Aurubis AG manages the Aurubis Group as the ultimate group holding company. The financial statements and management report and consolidated financial statements and group management report of Aurubis AG for fiscal year 2009/10 will be published together with the auditors' report, the Report of the Supervisory Board, the Declaration of Conformity and the proposal on the appropriation of the earnings in the electronic federal gazette at www.bundesanzeiger.de.

The financial statements of Aurubis AG have been prepared in accordance with the accounting requirements of the German Commercial Code (HGB). In order to improve the clarity of presentation, some items have been combined in the balance sheet and the income statement and are disclosed separately in the notes to the financial statements. The income statement was prepared in accordance with the type of expenditure format.

ACCOUNTING POLICIES

Fixed assets

Intangible assets are recognised at cost and amortised systematically.

Property, plant and equipment are valued at acquisition or construction cost. The construction cost of self-constructed assets includes directly allocable costs and a share of the overheads. Moveable fixed assets acquired or constructed since 1 January 2009 are generally depreciated using the declining balance method with a scheduled transition to the straight-line method applying the opportunities available under German tax law. Movable fixed assets acquired between 1 October 2008 and 31 December 2008 were depreciated straight-line in accordance with the German tax regulations.

The plants for the expansion of the concentrate processing capacity at the Hamburg site which was performed in 2000 and the Kayser Recycling System in Lunen were likewise depreciated straight-line. Low-value moveable items costing individually up to € 150, which have been acquired since 1 January 2008, are fully depreciated in the year of acquisition. An omnibus has been set up for low-value items with acquisition or construction costs between € 150 and € 1,000. This item is being depreciated over 5 years as a charge against income. Impairment losses are recorded if the item should be recognised at a lower value.

Financial fixed assets are stated at cost or their lower fair value.

Current assets

Inventories are stated at the lower of acquisition or production cost and market value as of the balance sheet date. Metal inventories are accounted for using the LIFO method. As far as necessary, write-downs are recorded on an individual basis for slow-moving items. Goods in transit are valued at current market value. The principle of loss-free valuation is applied.

Emission allowances allocated free of charge are recognised with a pro memoria amount. The fair value of rights for the allocation period not yet used amounts to € 221 thousand.

Receivables and other assets are recognised at cost. Risks in the receivables are reflected by adequate allowances. Receivables in foreign currencies are valued at the historical exchange rate or at the offer rate in effect as at the balance sheet date

Security investments are stated at cost, if necessary less write-downs to the current market value.

Bank balances in foreign currencies are valued at the offer rate at the balance sheet date.

Provisions

The pension obligations from expectancies, current pensions and termination agreements for Aurubis AG are calculated using the projected unit credit method at the present value of the amount to be paid, taking into account expected future increases in pensions, wages and salaries.

Pension and welfare funds include the allocations permitted by the German tax regulations. Provisions determined in accordance with Section 6a of the German Income Tax Act have been set up to cover the unfunded portion of these funds. When applying the calculation parameters used for the other pension provisions, the remaining unfunded portion of the pension funds, which is not recognised in the balance sheet, amounts to about € 28 million. To calculate the unfunded portion, the securities held in the funds' assets are recognised at current market value and leased property is valued applying the capitalised earnings procedure.

The remaining provisions cover all foreseeable risks and uncertain obligations, including pending transactions. They are accounted for at the amounts expected to be required for settlement. For provisions that are based on future expenditures, which are attributable to the fiscal year or an earlier fiscal year, the expenditures that will probably be incurred are accumulated pro rata.

Liabilities

All liabilities are stated at their settlement amounts. Liabilities in foreign currencies are translated at the rate in effect when they were booked or the bid rate as of the balance sheet date.

Valuation units

Separate valuation units are set up for the individual metals in order to value fulfilled physical transactions, on which the price is not yet established, and open hedged transactions and hedging instruments. Unrealised gains are then offset against unrealised losses, regardless of the period of their future realisation, on the basis of a review of the overall portfolios. Provisions are recognised on the liabilities side of the balance sheet for losses remaining after such set-off, but remaining unrealised gains are not recognised.

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

1] Fixed assets

In addition to rights of use acquired for a consideration, intangible assets include goodwill resulting from the amalgamation with Hüttenwerke Kayser AG. Intangible assets are amortised systematically. The goodwill is amortised straight line over its probable useful life of 15 years.

Capital expenditure on intangible assets and property, plant and equipment totalled € 117.5 million. As in the prior year, the capital expenditure on property, plant and equipment included the expansion of the electronic scrap and concentrate processing facilities at the Hamburg and Lunen sites and various infrastructure, replacement and improvement measures. In addition, capital expenditure in connection with an electricity supply agreement was capitalised under Intangible assets.

A breakdown of the investments accounted for under financial assets is provided at the end of these notes.

Additions to investments relate to payments into the additional paid-in capital of CIS Solartechnik GmbH & Co. KG, Bremerhaven.

The carrying amount of fixed asset securities as at 30 September 2010 amounted to € 54.4 million. The fair value amounted to € 37.6 million. They were not written down to the fair value since there was no indication of more than only a temporary devaluation.

2] Inventories

in € thousand	30.9.2010	30.9.2009
Raw materials and supplies	187,320	142,454
Work in process	262,269	219,514
Finished goods, merchandise	44,202	44,408
Payments on account on inventories	0	64
	493,791	406,440

The increase of € 87.4 million in inventories was due in particular to the higher inventories of precious metals, both as regards quantity and price. The copper inventories were almost unchanged.

Write-downs of € 4.0 million to the lower market value were recorded for individual precious metal inventories.

The difference between the current market value as of the balance sheet date and our valuation amounts to € 792.2 million.

3] Receivables and other assets

in € thousand	Maturing in less than 1 year	Maturing in more than 1 year	Total 30.9.2010	Total 30.9.2009
Trade accounts receivable	139,546	–	139,546	86,275
Receivables from affiliated companies	188,686	–	188,686	205,538
Receivables from enterprises in which investments are held	4,226	–	4,226	552
Other assets	61,691	307	61,998	15,312
	394,149	307	394,456	307,677

Trade accounts receivable have risen compared with the balance sheet date of the prior year, mainly due to higher receivables from product and precious metal customers. In addition, the volume of receivables sold without recourse in conjunction with factoring agreements increased compared with the prior year. The volume of receivables sold as at the balance sheet date amounted to € 97.5 million (€ 59.7 million in the prior year). The factoring is used for financing receivables while at the same time reducing the default risk.

Receivables from affiliated companies relate to € 90.9 million for trade accounts receivable and € 97.8 million for receivables in conjunction with financial transactions with subsidiaries.

Receivables from enterprises in which investments are held mainly represent receivables from Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg, for deliveries of merchandise.

Other assets include primarily tax credits.

Most of the outstanding trade accounts receivable had been settled by the time of preparation of the financial statements.

4] Short-term security investments

Our short-term security investments are the remainder of € 51 thousand that was pledged in prior years to secure claims against one of our pension funds.

5] Cash and cash equivalents and cheques

Cash and cash equivalents include credit balances at banks and cash in hand.

6] 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 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 or 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.

An amount of € 44,876,000.00 has been allocated from the net income for the year to the revenue reserves. Of the legal reserve of 10 % of the share capital, € 6,391,148.51 is included in the revenue reserves, while the remaining amount is covered by the share premium included in additional paid-in capital.

The unappropriated earnings as at 30 September 2010 include earnings of € 39,964,394.61 as profit brought forward from the prior year.

7] Provisions

in € thousand	30.9.2010	30.9.2009
Provisions for pensions	54,919	52,036
Other provisions		
Personnel sector	50,170	42,335
Maintenance and major repairs	44,324	32,303
Environmental protection	9,813	10,540
Other	24,012	71,180
	128,319	156,358
	183,238	208,394

The pension obligations were valued as in the prior year on the basis of the projected unit credit method at the present value of the amount to be paid, taking into account expected future increases in pensions, wages and salaries. Apart from Prof. Dr Klaus Heubeck's 2005G mortality tables, the following parameters provided the basis of the computation of the pension obligations:

Discounting rate	5.19 %
Expected salary increases	3.00 %
Expected pensions increases	5.5 % every three years
Staff fluctuation rate	0.00 % to 10.00 %

The pension provisions rose by € 2.9 million in the year under review compared with the prior year on account of the adjustment of the valuation parameters compared with the prior year.

The provisions for maintenance and major repairs have been increased on account of the measures that have not yet been carried out. The decrease in other provisions is mainly attributable to lower provisions for loss-making contracts due to treatment and refining charges that do not cover costs. This development relates to the first-time inclusion of concrete economic benefits that are determined with sufficient certainty and assignable to the individual contracts. The height of the economic benefits assignable to these contracts amounted to € 34.8 million in the past fiscal year.

8] Liabilities

in € thousand	Residual terms less than 1 year	Residual terms 1 to 5 years	Total 30.9.2010	Total 30.9.2009
Bank loans and overdrafts	251,875	168,777	420,652	374,385
Advance payments received on orders	4,763	–	4,763	3,964
Trade accounts payable	444,672	–	444,672	328,058
Payables to affiliated companies	183,546	375,800	559,346	586,346
Payables to enterprises in which investments are held	1,208	–	1,208	1,348
Other liabilities	126,934	–	126,934	100,749
– of which taxes	90,630		90,630	55,285
– of which social security contributions	6,828		6,828	6,933
	922,368	544,577	1,557,575	1,394,850

Bank loans and overdrafts rose compared with the prior year, reflecting inter alia the increased requirement in view of the higher metal prices.

Trade accounts payable increased by € 116.6 million as at the balance sheet date.

In addition to trade accounts payable of € 23.0 million, payables to affiliated companies include payables of € 536.3 million from financial transactions with subsidiaries. The payables to enterprises in which investments are held are trade accounts payable.

The change in other liabilities is mainly the result of other taxes, while the social security contributions liabilities declined in contrast.

9] Contingent liabilities and other financial commitments

in € million	30.9.2010	30.9.2009
Contingent liabilities under discounted bills	0.7	0.0
Capital commitments	5.6	6.3
Commitments under tolling agreements	20.7	10.0
Other contingencies	216.5	220.7
Other contingent liabilities (guarantees)	6.9	4.2

Commitments under tolling agreements refer to the value of the metal extracted during the tolling process, which has to be returned. These liabilities are matched by corresponding recourse claims.

Other financial commitments of € 174.0 million (€ 182.6 million in the prior year) include long-term transport and handling agreements with a residual term of 16 years. Other contingencies also include long-term tank storage handling agreements with a term of 15 years of € 31.7 million starting in 2011.

An agreement has been concluded with an energy supplier for the cost-based procurement of more than one billion kilowatt hours of electricity 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 on the supply of the Hamburg and Lünen sites with oxygen was renewed for the term until 30 September 2026.

10] Derivatives

We employ derivatives in the form of future contracts, options and interest hedging to hedge the risks in the operational business, which arise from fluctuations in non-ferrous metal prices, foreign exchange rates and interest rates. These agreements, which are monitored as part of a risk management system, are concluded exclusively with reputable brokers and banks.

in € million	Notional amount 30.9.2010	Fair/ market values 30.9.2010
Nonferrous metal futures contracts		
Maturity of up to 1 year	1,744.1	20.2
Maturity of 1 to 5 years	423.2	35.4
Foreign currency forward contracts		
Maturity of up to 1 year	1,111.7	(7.9)
Maturity of 1 to 5 years	466.1	10.4
Options		
Maturity of up to 1 year	52.8	0.7
Maturity of 1 to 5 years	114.3	2.7
Interest derivatives	287.1	(8.5)
Coal certificates	29.6	0.4
CO₂ certificates	6.4	0.3
Power plant slice		
Maturity of up to 1 year	5.8	1.6
Maturity of 1 to 5 years	27.7	1.7

The non-ferrous metal futures contracts and foreign currency forward contracts primarily relate to copper and the U.S. dollar.

The notional amount of the derivative financial instruments is the sum of all purchase and sales contracts. The market values of foreign currency forward contracts are determined on the basis of current European Central Bank reference rates taking into account the forward premiums or discounts and those of metal future contracts on the basis of the LME price quotations. Foreign exchange and metal options are valued using price quotations or option price models. The market values of the interest hedging transactions are determined on the basis of agreed expected cash flows whereby the market interest rates applicable for the remaining term of the financial instruments are applied.

A provision of € 2.1 million was included for expected losses from foreign exchange forward contracts. The “mark to market” method is applied for the valuation of forward contracts.

The non-ferrous metal transactions to hedge the metal prices as well as the forward exchange contracts connected with these are included in the measurement of the valuation units for each metal. These financial instruments therefore also affect the measurement of trade accounts payable and receivable, and the inventories.

11] Revenues

in € thousand	2009/10	2008/09
Product groups		
Copper cathodes	1,661,870	1,143,594
Continuous cast wire rod	1,999,198	1,227,480
Continuous cast shapes	1,021,006	457,202
Precious metals	1,800,047	1,242,567
Sulphuric acid	37,421	46,810
Other	240,099	226,058
	6,759,641	4,343,711

In the year under review, 50.0% of the revenues were generated in the domestic market, 40.8% in other member states of the European Union, 3.3% in Asia, 1.2% in North America and 4.7% in other countries.

The revenues for wire rod and shapes also include revenues for so-called "Wandelkathoden" (copper on account), which are delivered in the requested sizes following receipt of the customers' specifications.

Of the approximately 56% increase in revenues, 84% resulted from higher metal prices and 16% from higher unit sales of metals.

12] Other operating income

in € thousand	2009/10	2008/09
Reversal of provisions	1,800	2,426
Gains on disposal of property, plant and equipment and financial fixed assets	7	43
Cost reimbursements and services for third parties	24,088	22,572
Compensation and damages	2,057	225
Other income	3,583	3,169
	31,535	28,435

Of the aforementioned amounts, € 1.8 million (€ 2.6 million in the prior year), mainly caused by the reversal of provisions, relates to prior periods.

13] Cost of materials

in € thousand	2009/10	2008/09
Raw materials, supplies and merchandise	6,283,464	3,873,837
Cost of purchased services	153,191	131,590
	6,436,655	4,005,427

Cost of materials rose mainly due to declining prices for the metals used. The cost of materials ratio changed from 92.4% of the total operating output in the prior year to 94.6% in the past fiscal year, due amongst other things to higher metal prices.

14] Personnel expenses and human resources

in € thousand	2009/10	2008/09
Wages and salaries	153,826	135,676
Social security, pension and other benefit expenses	35,037	30,574
– of which for pensions	7,245	3,309
	188,863	166,250

The increase in wages and salaries is due to higher profit-sharing bonuses, the higher number of employees and increased expenditure for pension funds.

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

	2009/10	2008/09
Blue collar	1,490	1,494
White collar	812	788
Trainees and apprentices	189	179
	2,491	2,461

15] Depreciation and amortisation

Depreciation and amortisation increased by € 4.7 million compared with the prior year, mainly due to higher capital expenditure on technical equipment and machines. In addition, additional depreciation and amortisation are reported as the result of capital expenditure that was begun in prior fiscal years and completed in the past fiscal year.

16] Other operating expenses

This item includes administrative and marketing expenses, fees, insurance, rents and leases.

The expenses of € 0.9 million relating to prior periods mainly comprise losses on the disposal of fixed assets.

17] Result from investments

in € thousand	2009/10	2008/09
Income from profit and loss transfer agreements	0	1
Income from investments	40,190	88,018
– of which from affiliated companies	40,190	88,018
Write-downs on financial fixed assets	0	96,103
	40,190	(8,084)

The result from investments comprises € 35.0 million from income from investments abroad and € 5.2 million from income from investments in Germany.

18] Net interest expense

in € thousand	2009/10	2008/09
Income from loans reported under financial fixed assets	212	1,128
Other interest and similar income	7,212	16,428
– of which from affiliated companies	3,814	8,370
	7,424	17,556
Interest and similar expenses	39,491	48,252
– of which to affiliated companies	19,534	21,551
	39,491	48,252
Net interest expense	32,067	30,696

The net interest expense of Aurubis AG has risen only slightly compared with the prior year. The interest income declined on account of lower interest income from affiliated companies and on account of interest income from valuation parameters for the calculation of pension provisions that were changed in the prior year. Interest expense also decreased mainly due to lower interest payments to banks as a result of reduced interest rates and lower average debt.

Net interest expense includes the interest component of € 3.4 million (€ 2.6 million in the prior year) included in the allocation to the pension provisions.

19] Income taxes

Income taxes amount to € 12.6 million (€ 25.3 million in the prior year). This results in a tax rate of 12.3% (62.1% in the prior year). The lower tax rate is due above all to the use of provisions that are not deductible for tax purposes.

20] Impact of tax measures

Earnings before taxes were approximately € 1.2 million higher as a result of the claiming of additional depreciation permitted for tax purposes in prior years. The future income tax burden will amount to about 32%.

OTHER DISCLOSURES

Disclosures on transactions with affiliated companies in accordance with Section 285 No. 21 HGB

The following table details all transactions in fiscal year 2009/10 between Aurubis AG and affiliated companies, which with the exception of E.R.N. are included in the consolidated financial statements but are not wholly-owned subsidiaries.

in € thousand	Aurubis Bulgaria AD Pirdop	Deutsche Giessdraht GmbH Emmerich	Schwermetall Halbzeugwerk GmbH Stolberg	E.R.N. Elektro Recycling Nord GmbH Hamburg
Investment in %	99.77	60.00	50.00	70.00
Earnings from sales	50,187	324	71,134	30
Earnings from services	5,003	42	6	60
Expenditure on procurement	317,919	15	5,760	12,985
Expenditure on services	0	10,673	0	0
Interest income	1,966	0	0	0
Interest expense	63	6	0	0
Expenditure (cash effective) from derivatives to hedge material purchases	32,222	0	0	0

Expenditure from derivatives to hedge material purchases (metal futures contracts and foreign currency forward contracts) is matched by income from derivatives at banks or brokers. In the group Aurubis AG assumes the position of a bank/broker toward subsidiaries.

Special accounting policies for energy suppliers

In the electricity sector, Aurubis AG performs the functions of production, marketing and distribution and in the natural gas sector the functions of marketing and distribution, and is therefore to be regarded as a vertical integrated energy supplier in accordance with Section 3 No. 38 EnWG (Energy Management Act). To avoid discrimination and cross-subsidising, separate accounts have to be kept for these functions in accordance with Section 10 paragraph 3 EnWG for purposes of internal accounting. The energy supply networks operated by Aurubis AG are however site networks in terms of Section 110 paragraph 1 EnWG. The company is therefore among other things exempt from the obligations in accordance with Section 10 paragraph 3 EnWG.

In the Company's opinion, the legal effect for site networks remains unchanged also in consideration of the ruling of the European Court of Justice of 22 May 2008 (decision C 439/06). The European Court of Justice has only ascertained in this judgement that the requirements of the electricity domestic market guidelines are contrary to national stipulations, in which certain networks are exempt from the obligation to grant access to the network. The direction of Section 110 EnWG is still applicable law; it is only inapplicable in the view of the ruling of the European Court of Justice as regards exemption from the obligation to grant network access. The other exemptions, which include the exemption from the obligation to keep separate accounts in accordance with Section 10 paragraph 3 EnWG, remain unchanged.

The judgement of the OLG Dresden and Article 28 EitRL n.F. dated 14 August 2009 before implementation in national law also alter nothing in the matter so that no separation of the internal accounts has been performed. In addition, the Federal Supreme Court determined in its judgement (EnVR 17/09) dated 24 August 2010 – with reference to the European Court of Justice – that Section 110 paragraph 1 EnWG is to be interpreted in compliance with this directive and that part 3 of the Energy Management Act does not apply to site networks only inasmuch as it is not in contradiction to the right to non-discriminatory network access. The internal accounts were therefore not separated.

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 this 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:

From today's perspective, its investment in Aurubis AG is primarily aimed at the implementation of its own strategic goals.

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.

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.

It does not aim to make any significant changes to the capital structure of Aurubis AG.

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 for services rendered by the auditors:

Audit services	€ 237 thousand
Tax consulting fees	€ 9 thousand
Other services	€ 175 thousand

Investments

The full list of investments is included in this annual report.

Information on the Executive Board and the Supervisory Board

Disclosures in accordance with Section 285 No. 10 German Commercial Law are provided in a separate Section of this annual report.

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 pensions in the amount of € 1,726,812 was recognised as an expense.

Dr Werner Marnette, who resigned as the Chief Executive Officer on 9 November 2007, has 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 including their pension entitlements are provided in the compensation report.

Shareholdings

Members of the Supervisory Board hold 4,304 shares and members of the Executive Board 11,800 shares in Aurubis Aktiengesellschaft.

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 Helmut 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.

Proposed appropriation of earnings

in €	30.9.2010
Net income for the year of Aurubis Aktiengesellschaft	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) 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 income will be adjusted, but still specify a dividend of € 1 per dividend-entitled no-par-value share.

Hamburg, 2 December 2010

Aurubis AG
 Hovestrass 50
 20539 Hamburg

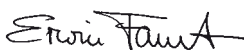
The Executive Board



Dr Bernd Drouven



Dr Stefan Boel



Erwin Faust



Dr Michael Landau



Peter Willbrandt

INVESTMENTS AS PER SECTION 285 NO. 11 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 Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

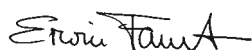
The Executive Board



Dr Bernd Drouven



Dr Stefan Boel



Erwin Faust



Dr Michael Landau



Peter Willbrandt

COPY OF THE AUDITORS' REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of Aurubis AG for the fiscal year from 1 October 2009 to 30 September 2010. In accordance with §10 paragraph 4 EnWG (Energy Industry Act), the audit also covered compliance with the obligation set out in §10 paragraph 3 EnWG to maintain separate accounts in the internal accounting for activities in the sectors listed therein. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and compliance with the obligations under Section 10 paragraph 3 EnWG are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and management report as well as the internal accounting in accordance with Section 10 paragraph 3 EnWG, based on our audit.

We conducted our audit of the annual 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 annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance, and that all the main requirements of the obligations in accordance with Section 10 paragraph 3 EnWG have been fulfilled. Knowledge of the business activities and the economic and legal environment of the company 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 books and records, the annual financial statements and management report as well as the internal accounting in accordance with Section 10 paragraph 3 EnWG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the annual financial statements and the management report, and assessing whether the valuations and allocations of the accounts in the internal accounting have been correctly and understandably performed in accordance with Section 10 paragraph 3 EnWG and the principle of consistency has been observed. 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 annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Aurubis AG in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

The audit of compliance with the obligation set out in Section 10 paragraph 3 EnWG to maintain separate accounts in the internal accounting did not result in any reservations. On account of the Company's interpretation of the EnWG, in accordance with which it does not have to maintain separate accounts, we refer to the notes to the financial statements.

Hamburg, 2 December 2010

PricewaterhouseCoopers AG
Wirtschaftsprüfungsgesellschaft



Andreas Borcherding
Auditor



ppa. Matthias Kirschke
Auditor

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.

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

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 Albrück-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 Helmut 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 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 annual 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 EBT (consolidated 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 of Component II 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 receive compensation from the Company's incentive plan, which is coming to an end, in the next two years due to options that were granted before the introduction of the new compensation system.

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 a pension plan account, 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 million. In addition, expenditure for pension funds in the amount of € 1,726,812 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	516,858
Dr Stefan Boel	336,000	645,000	10,784	0	991,784	103,639
Erwin Faust	336,000	645,000	17,826	0	998,826	218,563
Dr Michael Landau	336,000	645,000	27,376	216,370	1,224,746	507,712
Peter Willbrandt	336,000	645,000	23,691	134,492	1,139,183	380,040
Total	1,824,000	3,530,000	102,134	567,232	6,023,366	1,726,812

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

The Company has set up pension provisions on the basis of HGB for the Executive Board members. The changes in the pension provisions for active members of the Executive Board in the year under review amounted to € 1,726,812. This change is mainly attributable to the increase in the Executive Board's pensionable income and the new defined contribution pension fund as part of the restructuring of the compensation system.

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 €		Total in €
		5th tranche	6th tranche	
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 (reference period).

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 and amounted to € 224 million on average 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

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.

Capital employed

Capital employed is the sum of equity, provisions for pension liabilities and financial liabilities, less cash and cash equivalents.

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.

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.

IMPRINT

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Disclaimer

This Annual Report contains forward-looking statements based on current assumptions and forecasts. Various known and unknown risks, uncertainties and other factors could have the impact that the actual future results, financial situation or developments differ from the estimates given here. We assume no liability to update forward-looking statements.

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.

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