



# 3/2007

Report for the third quarter 2007

This English language report is a courtesy translation of the original German report. For the interpretation of the report the German text shall prevail.



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## Letter to the shareholders

### Dear shareholders, employees and friends of AURELIUS:

This third quarter 2007 has been the most successful in AURELIUS AG's relatively young history. The investments in Schleicher, Quelle France and Wellman were consolidated for the first time during this quarter. In particular, Wellman (annual sales: € 110 m) and Quelle France (annual sales: € 250 m) provided an enormous growth spurt. Hence, the AURELIUS Group generated sales of € 181.7 m during the first nine-month period. EBIT-DA amounted to € 47.0 m. The net results for the period after minority interests soared to € 30.6 m.

The companies acquired to date generated average sales of approximately € 50 m. Our aim is to also purchase companies with sales ranging between € 100 m and € 400 m. Proof that interesting acquisitions are available in this sales range for AURELIUS is evident in the purchases of Quelle France and Wellmann International.

#### ACQUISITION DYNAMIC REMAINS STEADFAST

In addition to the aforementioned first-time consolidations, we acquired another four companies during the last weeks:

- Pohland Herrenkleidung GmbH & Co KG ("Pohland"), (sales: approx. € 53 m) from the renowned Douglas Holding Group
- Westfalia Van Conversion GmbH (sales: approx. € 50 m) from Daimler AG
- Zeeb & Hornung GmbH & Co. ("Zeeb & Hornung"), (sales: approx. € 25 m) from the families Zeeb and Hornung and
- SAG Kommunikationstechnik GmbH (sales: approx. € 65 m) from SAG GmbH.

These investments will be consolidated for the first time in the fourth quarter 2007 and the first quarter 2008, respectively. Following the disposal of the investment in Grillo in Q3, AURELIUS' investment portfolio now totals 12 entities. Taking into account the investments already consolidated and newly acquired, AURELIUS generated total sales of € 650 m on an annualized basis.

#### CAPITAL MEASURES LAY THE FOUNDATION FOR FUTURE GROWTH

A stock split of 1:14 was resolved at this year's annual shareholders' meeting held on 27 June 2007. Following the conversion of a portion of existing capital reserves to subscribed capital in the amount of € 7,974,850, 13 dividend shares were issued per existing stock share and included in stock trading on August 27, 2007. On August 24, 2007 AURELIUS placed a capital increase from authorized capital with a volume of € 9.5 m excluding stock rights. We are proud that we were able to successfully conduct this capital increase despite the difficult capital market environment due to the "Sub-prime Crisis" and hence were able to establish a solid basis for further growth. Together with these and other capital market measures like numerous investor discussions and roadshows, the selection of a Designated Sponsor and the first-time inclusion of coverage by an analyst, we succeeded in significantly raising the trading liquidity of AURELIUS stock shares. The attractiveness of our shares was boosted on a lasting basis by means of these measures, especially for institutional investors.

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## CAPITAL MARKET ENVIRONMENT OFFERS NEW OPPORTUNITIES FOR AURELIUS

In the meantime, the American "Sub-prime Crisis" has had substantial effects in Europe as well, which have been more or less noticed in almost all areas of the capital market. AURELIUS finances its acquisitions almost completely via equity, which is why credit shortage in the bank sector has no adverse effects on our company. Simultaneously, shortage in classic bank financing provides AURELIUS with numerous potential acquisition targets. Insofar, AURELIUS is one of the few capital market participants which profit from the current financial market crisis.

Dear shareholders, employees and friends of AURELIUS, we would like to express our heartfelt appreciation for your trust in our company! We would be pleased if you would continue to show us your loyalty and accompany us together with the AURELIUS Group into the future!

Munich, November 2007



Dr. Dirk Markus  
CEO



Gert Purkert  
COO

## PERSONNEL REINFORCEMENTS IN ALL IMPORTANT CORE FUNCTIONS

AURELIUS reinforced itself with new hires as a result of our Group's strong growth. By the end of the year, more than 40 employees alone will be active for the AURELIUS Holding based in Munich. Moreover, the second management tier has been expanded and further developed over the course of the year, which now comprises those mainly responsible for the segments: Acquisitions, Task Force, Finance, Tax and Law. The attractiveness and further development in excellent employees will also continue to be of highest priority.

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## Important key figures

		1/1-9/30/2007	7/1-9/30/2007	3/20 -9/30/2007
Sales	(k€)	181,713	120,605	5,871
Sales*	(€ Mio.)	460	460	84
Employees**	(number)	2,357	2,357	389
Sales* per employee**	(k€)	250	90	15
EBITDA	(k€)	46,978	38,108	1,579
Net income for the year	(k€)	39,872	35,080	772
Earnings per share	(€)	3.39	2.88	0.09
Assets	(k€)	292,527	292,527	29,404
Liabilities	(k€)	230,871	230,871	28,162
Equity***	(k€)	61,656	61,656	1,242
Equity ratio***	(%)	21.1	21.1	4.2

\* Annualized from first-time consolidated investments

\*\* As of September 30, 2007

\*\*\* Including minority interests

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## Net assets, financial position and results of operations

### Business development for the period from January 1, to September 30, 2007 and for the third quarter from July 1, to September 30, 2007

During the third quarter 2007 the acquisitions of Quelle France and Wellman as well as Schleicher were successfully concluded and consolidated for the first time. Consequently, AURELIUS carried forward the positive trend and substantially exceeded the results from the previous year and the prior quarters. On a nine-month basis, these transactions had a material affect on the Group's business development.

### Sales and results of operations

Sales from all business segments of AURELIUS for the first nine-month period and Q3 / 2007 are broken down as follows:

	1/1-9/30/07	7/1-9/30/07
QUELLE France	61,674	61,674
Schabmüller	28,020	14,550
DFA	18,448	8,167
Wellmann	18,003	18,003
KWE	15,410	4,293
GHOTEL	11,666	3,879
Grillo	10,957	2,177
Scherpe	9,260	2,996
Schleicher	4,407	4,407
Andere	3,869	460

It should be noted here that sales and earnings from the companies purchased during the year are included in the consolidated financial statements only from the date of first-time consolidation and therefore only on a proportional basis. Annualizing these figures for the entire year 2007 would give rise to Group sales of approximately € 460 m.

Other operating income amounts to k€60,319 for the first nine-month period and k€ 54,098 for Q3 / 2007 and mainly comprises income from the release of the negative difference amount arising from the acquisitions of Wellman (k€ 31,410), Quelle France (k€ 10,183) and Schabmüller (k€ 2,503).

The cost of materials from AURELIUS' entire business segments for the first nine-month period and Q3 / 2007 is broken down as follows:

	1/1-9/30/07	7/1-9/30/07
QUELLE France	29,491	29,491
Schabmüller	14,276	7,878
Wellman	11,717	11,717
KWE	9,004	519
DFA	8,013	4,005
Scherpe	5,274	1,579
Grillo	5,221	963
Schleicher	2,049	2,049
GHOTEL	2,003	812
Andere	2,739	–

The personnel expenses from AURELIUS' entire business segments for the first nine-month period and Q3 / 2007 are broken down as follows:

	1/1-9/30/07	7/1-9/30/07
QUELLE France	12,116	12,116
Schabmüller	9,125	5,235
DFA	6,013	2,223
KWE	4,986	1,658
Wellmann	4,607	4,607
Grillo	4,568	1,123
Scherpe	3,031	940
Schleicher	1,810	1,810
GHOTEL	1,573	516
Andere	93	47

The consolidated net income after minority interests from all the business segments of AURELIUS totals k€ 30,591 for the first nine-month period and k€ 25,382 for Q3 / 2007. This corresponds to earnings per share of € 3.39. Earnings before interest, tax, depreciation and amortization (EBITDA) amount to k€ 46,978 for the first nine-month period and to k€ 38,108 for Q3 / 2007.

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### Net assets and financial position

The balance sheet total climbed by k€ 230,296 for the first nine-month period and by k€ 203,552 for Q3 / 2007 to k€ 292,527 as of September 30, 2007. This was primarily due to the first-time consolidation of Wellman, Quelle France and Schabmüller. A strong increase is noted in non-current assets (k€ 100,939), which mostly relates to AURELIUS' total property, plant and equipment (k€ 66,366) and intangible assets (k€ 12,469). The intangible assets largely comprise of customer bases, brands and licenses in investment companies.

Current assets mostly relate to inventories (k€ 68,955), trade receivables (k€ 47,338) and cash and cash equivalents (k€ 36,769).

Liabilities largely comprise of trade payables (k€ 69,958), financial liabilities (k€ 44,621), other liabilities (k€ 43,443), provisions (k€ 40,500) and pension obligations (k€ 10,202).

Equity after minority interests totals k€ 51,303, which represents an equity ratio of 18%. The increase in equity compared to the prior year and prior quarter mainly results from a capital increase from authorized capital in the amount of k€ 9,458 effective as of 24 August 2007 and the earnings contribu-

ted by the Group companies. Furthermore, AURELIUS conducted a stock split of 1:14 by means of the conversion of capital reserves to subscribed capital as resolved at the shareholders' meeting held on June 27, 2007 and entered in the commercial register on August 16, 2007. The new shares were included in the stock trade as of August 27, 2007.

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## Reports from the group companies

Reports on our investment companies are presented in the following section in the order in which they were acquired. As of 30 September 2007, the following eight companies belonged to the AURELIUS Group:



### DFA – Transport und Logistik GmbH (DFA)

**Purchase date:** August 2006

#### Industry and activities

DFA, a special logistics company, has many years of experience in rendering construction logistics services, with a focus on supplying and dismantling construction sites in the fields of civil engineering, mining and demolition. A special focus is on the removal of slightly radioactive waste. Among its customers are the government and major construction companies.

#### Business development during the quarter under review

DFA continues to focus on the further expansion of the customer base. This is intended to take place by means of diversification of customer projects in process, both within Germany and in Austria, Hungary, Poland and Czech Republic.

The company-wide cost savings program has been successfully launched. In particular, changes in the administrative organization have led to further savings. An important step is also the successful and urgently needed conversion of manual processes to an IT-based system.

#### Outlook

The project diversification and acquisition of additional customers in Germany and abroad are still among the most important strategic goals. In order to realize this aim, entry in the "Private Public Partnership" (PPP) area of privately-financed highway

construction is planned in Germany and in Poland and Czech Republic as well.

In addition, the cost savings program in place will be carried forward.



### Richard Scherpe Group (Scherpe)

**Purchase date:** August 2006

#### Industry and activities

Scherpe is a special printing group allocated among three sites, specializing in labels and forms. Their services include the electronic import of data and logistics appropriate to the business process, right up to the delivery of goods.

#### Business development during the quarter under review

Based on the sales situation, growth measures have been implemented at all three sites during Q3. This mainly aims for organic growth, especially from the expansion of sales division and for external growth from additional acquisitions. The positive effect from these actions will first be noticeable during Q4 / 2007. In general, intense price pressure dominates the printing sector. Hence, rises in labour and materials could not be passed on in the necessary extent. In

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order to remain in this market environment, Scherpe differentiates itself in its product policy and services portfolio, which has resulted in positioning itself as an innovative niche supplier. The site in Norderstedt leads the way both within the Scherpe Group as well as on the market by specializing in the classic printing services such as logistics, distribution and billing. The concept, which will only be initially implemented in Norderstedt, prescribes that the printing house will assume the paper and forms management for, e.g., hospitals, hotel chains and groups with decentralized structures. The first major customers for this concept were acquired already during the quarter under review. Since this segment provides more earnings than the traditional printing business, this model, if successful, is intended to be launched at other sites.

#### Outlook

A significant step is the staff expansion in the selling division at all three sites. Furthermore, Düren strives for a targeted diversification of the customer base. The sales and profit figures from the Norderstedt site should reach a significantly higher level on the medium term, by means of further expanding and implementing the above stated service concept. Krefeld plans to further expand the segments: label solutions (e.g. production of textile labels and jewellery labels), clothes rack markers and voting cards. In particular, the company deems to attain high potential from the latter two segments. Regarding voting cards, only two companies share the German market - one of which is Scherpe. Scherpe's market share in the production of voting cards was originally at approx. 5%; today it is at approx. 35% and is intended to reach approx. 50% during the coming year. Scherpe is also a forerunner in the very lucrative segment - clothes rack markers. This strong market position is intended to be expanded.



**GHOTEL Group („GHOTEL“)**

**Purchase date:** September 2006

#### Industry and activities

The GHOTEL Group operates 17 hotels and apartment buildings in major German cities and offers an array of services from modern business and leisure hotels right up to modern temporary living space.

#### Business development during the quarter under review

GHOTEL's realignment was successfully continued and new customers were acquired on an on-going basis thanks to strong marketing. Diverse measures for additional cost savings were implemented in Q3. New rental conditions were negotiated with tenants. Furthermore, pricey service providers were cancelled and new providers were engaged following bids submitted throughout Germany. Moreover, additional professional staff from the hotel business was recruited. The overall development is quite pleasing. Both sales and earnings have increased sharply.

#### Outlook

The implemented restructuring measures will be carried forward. Moreover, GHOTEL is on the lookout for lucrative objects to purchase for purposes of supplementing the portfolio in a reasonable manner. Another important goal, particularly in light of the favourable profit situation, is to anchor the market position attained and to raise the degree of awareness.

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**KWE Gruppe („KWE“)**

**Purchase date:** December 2006

#### Industry and activities

KWE is a specialist steel construction service provider working predominantly for the chemicals and energy industries, but it also includes architecturally challenging projects in its range of services (such as Phantasialand in Brühl).

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### Business development during the quarter under review

The sales offensive initiated during Q2 was successfully continued in Q3. Consequently, the largest single order since over four years was acquired. As scheduled, the reorganization of financial bookkeeping commenced in Q2 was finalized. Additionally, new online controlling instruments were implemented to improve the monitoring of the project business. Delays in some projects which arose during the first half of the year were recovered.

### Outlook

Important tasks for the coming months will be improving the margin situation. Furthermore, selling activities must be further expanded in order to successfully bring forward the acquisition of new customers. In general, the stable economic situation in the energy and chemicals sectors guarantees a favourable business development. Together with the measures for improving the margin and optimizing the cost structure, the results of operations position of KWE should continue to develop on a positive note.



## Schabmüller Group („Schabmüller“)

**Purchase date:** March 2007

### Industry and activities

Operating under its traditional company name, Schabmüller GmbH is an international leading manufacturer of electric drives solutions, focusing on the development, production and sales of direct current (DC) and alternating current (AC) motors. Besides highly-developed DC motors for forklifts, the product portfolio also offers design solutions to meet specific customer needs by using a new modular concept, which for example, are used for ship propulsion. In addition, Schabmüller offers services required for the respective systems.

The main customers include all important producers of industrial vehicles (forklifts, warehouse vehicles, etc.), suppliers of AGVs (automated guided vehicles) to equip automated factories and manufacturers of ships (mainly traversal bow thruster and rear thruster) as well as producers of agricultural machinery.

### Business development during the quarter under review

Schabmüller possesses a sound financial position with positive cash flow. The company is well-positioned on the market and has high capacity utilization. A foreign site was founded in Czech Republic during the past quarter. This location serves the purpose of capacity expansion and will commence operative activities at the beginning of the coming year. The costs have been optimized. Furthermore, the company launched a project for improving materials purchasing. Under the presumption that the market for DC motors will slightly regress in the future, Schabmüller is successively focusing on the business in AC motors. The measures implemented for investment, development and selling of AC motors have been consequently continued. The automatic production of this model type is scheduled to commence in December at the main plant in Berching.

### Outlook

The Czech Republic site is intended to be expanded further. An important step will be the aforementioned assumption of the production of AC motors in December. The finishing process in Berching will be further optimized. In general, the selling activities will be intensified and the distribution network will be expanded further. Moreover, new production areas are scheduled to be manned (e.g. direct drives) and new technologies developed (e.g. in the area of "permanent magnet motors"), which will be of particular use in hybrid technology.

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# QUELLE

## Quelle S.A.S („Quelle France“)

**Purchase date:** July 2007

### Industry and activities

Quelle S.A.S. is the fourth largest French mail order company with an assortment of more than 40,000 products in the categories: apparel, household goods, health and beauty care. However, the main focus lies on fashion and home goods. The former German parent, KarstadtQuelle (now: Arcandor) commenced the mail order business in France back in 1966. Via a 50% share in the consumer credit bank, Compagnie de Gestion et des Prêts, Quelle is also active in the French consumer credit business.

### Business development during the quarter under review

General cost-saving measures have been implemented at Quelle France. In particular, the local management team has been streamlined. The strategic aim is targeted on the clear positioning of the brand. The first reaction to the new brand position from the market has been very positive. In addition, the product portfolio will be overhauled: Quelle France is in the process of specializing on fashion and home goods. Losses have already been halved.

### Outlook

The cost-savings measures implemented will be carried forward, the positioning as provider of women's "sexy and glamorous" apparel will be emphasized and product overhaul will be continued. Moreover, the logistics and customer management areas will be outsourced. Losses from the past will be significantly reduced in the future.



# schleicher

## Schleicher Electronic GmbH & Co. KG („Schleicher“)

**Purchase date:** July 2007

### Industry and activities

Schleicher is a leading manufacturer of automation and safety systems mainly focusing on the implementation of applications for process automation in the machine-building and plant engineering. To that end the company develops and produces electronic systems from wiring right through to control and motion for renowned customers of plant and logistics automation.

### Business development during the quarter under review

One of Schleicher's main problems at the date of acquisition included deficits in product development, deficient non-cash resources and neglected appropriate and continuous qualification of staff skills. In addition, marketing and selling activities were not integrated in the company, but were monitored by the former parent. Short and medium term restructuring measures were implemented after the takeover. Thus, costs are being currently reduced. This reduction should become effective already during the year under review, but particularly in 2008. Moreover, discussions will be conducted with IG Metall for purposes of concluding an individual tariff agreement. In the past months a marketing and selling strategy was conceived, which will be implemented in 2008. Research and development will be established as a strategic area. In particular, the research and development and selling segments will be reinforced with new hires. The net results were significantly better than planned. The order intake substantially improved since AURELIUS' takeover.

### Outlook

The implemented restructuring measures will be continued. Important aims include the acquisition of new customers and markets in the core business as well as establishing Schleicher as a niche provider of

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individual customer solutions. Starting in 2008 the foreign markets in Italy, Switzerland and Holland, they are scheduled to be tapped into in order to gain additional sales potential.



**Wellman International Limited**

## Wellman International Limited („Wellman“)

**Purchase date:** July 2007

### Industry and activities

Wellman International Limited is Europe's largest recycler of post-consumer PET bottles. The company purchases used recyclable PET bottles - approximately 10% of all European bottles collected. The bottles are cleaned and grinded at the recycling plants in Spijk, Holland, and Verdun, France. The largest portion (approx. 80%) of these processed materials (r-PET) is further processed to polyester stable fibres (PSF) at its own production plant at Wellman's headquarters in Mullagh, Ireland. The remaining 20% of r-PET materials are sold to the packing industry. Wellman then supplies its customers, such as diaper and furniture manufacturers or producers of automotive casings, with PSF.

### Business development during the quarter under review

In general, the market for PSF is marked by worldwide over capacity, which leads to intense price pressure on the PSF market. However, Wellman focused on niche products at an early stage resulting in the company positioning itself as a premium provider and was resilient to price drops. Since Wellman uses recycled materials, dependency on the oil price falls, which is contrary to the manufacturers of "new" PET. This is augmented by the fact that PET bottles are driving out glass bottles more and more and the collected quantities of used PET bottles will rise in the years to come.

Sales and earnings developments were on budget. A working capital optimization was conducted: reduc-

tion of inventory balances, reduction of customer receivables and strong integration in financing of suppliers. Moreover, unprofitable product segments were adjusted and costs reduced. Furthermore, the first efficiency increases were initiated by way of raising the production share of r-PET.

### Outlook

The measures implemented will be consequently carried forward. Recycling capacities will be expanded. Wellman is underway in removing itself from market segments suffering under intense price pressure by way of repositioning itself as a premium provider for purposes of covering profit-strong niches, such as hygiene or technical geo-textiles segment. Furthermore, the cost situation is intended to be further improved by means of multiple uses of r- PET and efficiency hikes in the core process.

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## Risks and opportunities report/ Risk management objectives and methods

### General and business-specific risks and opportunities for the subsequent three months

The Company is exposed to a number of risks. The most significant risks and related opportunities specific to AURELIUS are presented below. Regarding opportunities and risks directly affecting the business development of the investments we refer to the section on investment reports.

#### Economic factors

AURELIUS's business development is affected by the general economic situation and the economic development of the markets in which AURELIUS operates. As a result of the growing positive economic situation in Germany over the past months, a risk arises that fewer companies will face a crisis situation and therefore, fewer companies will be available for sale. On the flipside, a sound economic development allows for a relief in restructuring efforts for existing investments.

#### Portfolio and industry

In selecting its portfolio investments, AURELIUS does not specialize in certain industries or regions. In its choice of company, the chances of turnaround and the future prospects of a company form the paramount selection criteria. AURELIUS attempts to counteract the risks associated with economic fluctuation in individual companies, industries or regions in the investment portfolio by means of diversification. However, it cannot be ruled out that the economic development of a future investment might be affected by a downturn in the market of a specific industry which could then lead to the company's insolvency, without the management of the investment company being able to prevent this.

This is distinguished by the specific industry risk for investment companies like AURELIUS. It is generally presumable that, for example, the entry of new competitors could lead to a strong demand in companies

in collapse or special situations, thus raising the prices for acquisition.

### Financial risks and opportunities

#### Interest rate fluctuations

AURELIUS intends to invest available financial assets or to raise necessary funds in the capital markets in the ordinary course of business. Fluctuations in interest rates could adversely affect the Company. The company strives to take advantage of added-value potential in the near future arising from the active central cash management system and to minimize these financial risks.

#### Foreign currency and exchange rates

Foreign currency and exchange rates can arise if, for example, investment companies are acquired in the non-euro zone, conduct foreign operations or hold foreign subsidiaries. The vast majority of AURELIUS's sales, income and expenses are currently attributable to the European monetary union (euro zone). Therefore, the Company is relatively independent of movements in the exchange rates.

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## Income statement of AURELIUS Group, Munich, from January 1 to September 30, 2007

Continued operations		(k€)	(k€)
	Notes	1/1-9/30/2007	3/20-9/30/2006
1. Sales	2.1	170,756	5,871
2. Change in finished goods and work in progress		792	-14
3. Own costs capitalized		50	-
4. Other operating income	2.2	57,719	700
5. Cost of materials	2.3	-84,567	-2,262
6. Personnel expenses	2.4	-43,354	-2,061
7. Other operating expenses		-56,189	-655
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>45,206</b>	<b>1,579</b>
8. Depreciation on intangible fixed assets and tangible assets		-4,802	-432
<b>Earnings before interest and tax (EBIT)</b>		<b>40,404</b>	<b>1,147</b>
9. Income from associated companies		545	-
10. Other interest and similar income		249	5
11. Interest and similar expense		-784	-69
<b>12. Results from ordinary activities</b>		<b>40,414</b>	<b>1,083</b>
13. Taxes on income		-768	-311
14. Consolidated profit for the period before minority interests		39,646	772
15. Consolidated profit attributable to minority interests		-9,398	-
16. Consolidated profit for the period		30,247	772
17. Result from a discontinued operation		344	-
18. Consolidated retained profits brought forward		1,939	-
19. Consolidated retained profits		<b>32,530</b>	<b>772</b>

### Earnings per share

from continued operations

- basic/diluted in €	3.36	0.09
from the discontinued operation		
- basic/diluted in €	0.04	-

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## Income statement

of AURELIUS Group, Munich, from July 1 to September 30, 2007

Continued operations		(k€)	(k€)
	Notes	1/7-9/30/2007	3/20-9/30/2007
1. Sales	2.1	118,428	5,871
2. Change in finished goods and work in progress		-557	-14
3. Own costs capitalized		50	-
4. Other operating income	2.2	52,669	700
5. Cost of materials	2.3	-58,049	-2,262
6. Personnel expenses	2.4	-29,151	-2,061
7. Other operating expenses		-46,211	-655
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>37,178</b>	<b>1,579</b>
8. Depreciation on intangible fixed assets and tangible assets		-2,583	-432
<b>Earnings before interest and tax (EBIT)</b>		<b>34,595</b>	<b>1,147</b>
9. Income from associated companies		545	-
10. Other interest and similar income		164	5
11. Interest and similar expense		-404	-69
<b>12. Results from ordinary activities</b>		<b>34,899</b>	<b>1,083</b>
13. Taxes on income		-266	-311
14. Consolidated profit for the period before minority interests		34,634	772
15. Consolidated profit attributable to minority interests		-9,224	-
16. Consolidated profit for the period		25,409	772
17. Result from a discontinued operation		518	-
18. Consolidated retained profits brought forward		1,939	-
19. Consolidated retained profits		<b>27,867</b>	<b>772</b>

### Earnings per share

from continued operations

- basic/diluted in €	2.82	0.09
from the discontinued operation		
- basic/diluted in €	0.06	-

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## Balance sheet

of AURELIUS Group, Munich, as of September 30, 2007

### Assets

	Notes	(k€) 9/30/2007	(k€) 12/31/2006
<b>Non-current assets</b>			
Intangible assets		12,469	5,636
Property, plant and equipment	3.1	66,366	30,818
Financial assets		20,131	11
Deferred tax assets		1,972	690
<b>Total non-current assets</b>		<b>100,939</b>	<b>37,155</b>
<b>Current assets</b>			
Inventories	3.2	68,955	6,822
Receivables from long-term contracts		8,735	1,569
Trade receivables	3.3	47,338	7,564
Other current assets		29,793	1,171
Cash and cash equivalents		36,769	8,250
<b>Total current assets</b>		<b>191,588</b>	<b>25,376</b>
<b>Total assets</b>		<b>292,527</b>	<b>62,531</b>

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## Balance sheet

of AURELIUS Group, Munich, as of September 30, 2007

### Equity and liabilities

	Notes	(k€) 9/30/2007	(k€) 12/31/2006
<b>Equity</b>			
Subscribed capital		9,016	613
Capital reserves		9,757	8,701
Consolidated net retained profits		32,530	1,939
<b>Consolidated equity before minority interests</b>		<b>51,303</b>	<b>11,253</b>
Minority interests		10,354	305
<b>Total equity</b>		<b>61,656</b>	<b>11,558</b>
<b>Non-current liabilities</b>			
Pension obligations		10,202	8,144
Provisions	3-4	3,204	2,049
Non-current financial liabilities	3-5	40,820	15,018
Non-current other liabilities		22,148	1,964
Deferred tax liabilities		3,708	2,376
<b>Total non-current liabilities</b>		<b>80,081</b>	<b>29,551</b>
<b>Current liabilities</b>			
Provisions	3-4	37,295	4,208
Current financial liabilities	3-5	3,801	5,264
Trade payables		69,958	6,520
Other current liabilities		39,735	5,430
<b>Total current liabilities</b>		<b>150,790</b>	<b>21,422</b>
<b>Total equity and liabilities</b>		<b>292,527</b>	<b>62,531</b>

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## Cash flow statement

of AURELIUS Group, Munich, as of September 30, 2007

	(k€)	(k€)
	1/1-9/30/2007	3/20-9/30/2006
Profit for the period before tax (EBT) from continued operations	40,503	1,083
Profit for the period before tax (EBT) from discontinued operations	137	–
Income from reversal of negative consolidation differences	-44,102	-558
Depreciation on property, plant and equipment, and on intangible assets	5,602	432
Loss from the disposal of financial assets	-3,208	–
Loss from the disposal of property, plant and equipment	-775	–
Net interest income	855	65
Interest received	188	1
Interest paid	-35	-56
Income taxes paid	-875	–
<b>Gross cash flow</b>	<b>-1,710</b>	<b>996</b>
Decrease (+)/Increase (-) in inventories	14,889	-101
Increase (-)/Decrease (+) in trade receivables and other assets	-2,751	484
Decrease (-)/Increase (+) in trade payables, other liabilities and other provisions	-5,858	744
Changes in other balance sheet items	1,776	-29
<b>Net cash inflow from operating activities (net cash flow)</b>	<b>6,353</b>	<b>2,063</b>

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## Cash flow statement (continued)

	(k€)	(k€)
	1/1-9/30/2007	3/20-9/30/2006
Cash paid for the acquisition of businesses	-6,612	-3,981
Cash acquired on the acquisition of businesses	16,777	2,460
Income from the sale of financial assets	2,447	–
Cash disbursement from the sale of financial assets	-100	–
Cash paid for investments in fixed assets	-8,005	-76
<b>Net cash received from (+)/used in (-) investing activities</b>	<b>4,506</b>	<b>-1,598</b>
<b>Free Cash Flow</b>	<b>10,859</b>	<b>465</b>
Cash repayments of current financial liabilities	-1,841	-146
Cash receipts from non-current financial liabilities	10,151	2832
Cash receipts from the increase of share capital net of transactions costs	9,349	–
<b>Net cash inflow from financing activities</b>	<b>17,659</b>	<b>2,686</b>
Cash and cash equivalents at the beginning of the period	8,250	470
Change in cash and cash equivalents	28,519	3,153
<b>Cash and cash equivalents at the end of the period</b>	<b>36,769</b>	<b>3,621</b>

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## Statement of changes in equity

of AURELIUS Group, Munich, as of September 30, 2007

(k€)	Subscribed capital	Consolidated capital reserves	Profit for the period	Minority interests	Consolidated equity
<b>March 20, 2006</b>	500	–	–	–	500
Capital increase	113	8,701	–	–	8,814
Consolidated profit 2006	–	–	1,939	261	2,200
Minority interest from initial consolidation	–	–	–	23	23
Issuance of minority interests	–	–	–	21	21
<b>December 31, 2006</b>	613	8,701	1,939	305	11,558
Capital increase	8,403	1,056	–	–	9,459
Consolidated profit	–	–	30,591	9,281	39,872
Issuance of minority shares	–	–	–	768	768
<b>September 30, 2007</b>	9,016	9,757	32,530	10,354	61,656

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## Selected notes disclosures

### 1. General presentation

#### 1.1 Accounting and valuation principles

AURELIUS's report for the third quarter 2007 has been prepared in conformity with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). Exceptions herefrom are the absence of an individual presentation of business acquisitions in accordance with IAS 34.16 (i) (Interim Financial Reporting) together with IFRS 3.66 – 73 (Business Combinations) and an early adoption of IFRS 8 (Operating Segments), which had not yet been adopted by the EU as of September 30, 2007 and which replaces IAS 14 (Segment Reporting). Otherwise, the quarterly report has been prepared in accordance with IAS 34.

The accounting and valuation principles used in the prior financial year have been consistently applied to this quarter report of the interim consolidated financial statements.

Infrequent expenses incurred during the course of the financial year are taken into account or deferred only to the extent they had to be considered or deferred in the annual financial statements. Results arising from the purchase price allocation are based on preliminary financial statements. Final valuation is performed as part of the year-end closing for the financial statements

#### 1.2 Economic and seasonal affects on the business development

Economic and seasonal cycles have particular affects on the business development of individual investments. Insofar, reference is made in this respect to the reports from the group companies.

#### 1.3 Prior year figures

AURELIUS AG was formed on March 20, 2006 and did not have operating activities until the end of Q2 / 2006. The company's business operations were largely undertaken during the third quarter 2006. Therefore, the prior year figures correspond to the third quarter period from March 20, 2006 to September 30, 2006.

#### 1.4 Unusual circumstances

There are no material circumstances that could affect the assets, liabilities, equity, net result or cash flows and that by their nature, extent or frequency are unusual for the business of AURELIUS AG. The business development has been presented at the beginning of the quarterly report.

#### 1.5 Change in estimates used in prior financial statements

There have not been any changes to estimates used in prior financial statements.

#### 1.6 Change in scope of consolidation

The following changes occurred in the scope of consolidation as of the end of Q3 / 2007:

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	Registered office	Initially consolidated as of
Compagnie de Gestion et des Prêts (CDGP)	Saran, France	7/1/2007
Fibres Finance Ltd.	Birmingham, UK	7/26/2007
La Source SARL	Saran, France	7/1/2007
MJR BV	Tolkamer, Netherlands	7/26/2007
Quelle La Source SA (QLS)	Saran, France	7/1/2007
Quelle SAS (QSAS)	Saran, France	7/1/2007
Schabmüller GmbH	Berching	3/10/2007
Schleicher Electronic GmbH & Co KG	Berlin	7/5/2007
Schleicher Electronic Verwaltungs-GmbH	Berlin	7/5/2007
SM Elektrosysteme GmbH	Kaiserslautern	3/10/2007
Wellman France SARL (WFR)	Verdun, France	7/26/2007
Wellman GmbH (WG)	Dortmund	7/26/2007
Wellman International Limited (WIL)	Mullagh, Ireland	7/26/2007
Wellman International Trading (WIT)	Mullagh, Ireland	7/26/2007
Wellman Recycling UK Ltd. (WR UKL)	Bredford, Great Britain	7/26/2007
Wieland Berlin Beteiligungs-GmbH	Berlin	7/5/2007
Wieland Berlin Grundstücksverwaltung GmbH & Co KG	Berlin	7/5/2007

On September 19, 2007, the investment in MTP Metallholding AG, Munich (formerly: AURELIUS Metallholding AG), together with its investments in M.T.P. Holding GmbH, Peißenberg, and Grillo Peißenberg GmbH, Peißenberg, were disposed and deconsolidated.

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## 2. Notes to selected positions of the income statement

### 2.1 Sales

	(k€)	(k€)
	1/1-9/30/2007	3/20-9/30/2006
Revenue from the sale of goods	116,957	1,920
Revenue from the sale of services	53,799	3,951
Discontinued operation	10,957	–
	<b>181,713</b>	<b>5,871</b>

The majority of sales for the first nine-month period 2007 was generated by Quelle France (k€ 61,674), Schabmüller (k€ 28,020), DFA (k€ 18,448), Wellman (k€ 18,003), KWE (k€ 15,410), GHOTEL (k€ 11,666), Grillo (k€ 10,957), Scherpe (k€ 9,260) and Schleicher (k€ 4,407).

	(k€)	(k€)
	7/1-9/30/2007	7/1-9/30/2006
Revenue from the sale of goods	97,223	2,043
Revenue from the sale of services	21,205	3,951
Discontinued operation	2,177	–
	<b>120,605</b>	<b>5,871</b>

Sales in Q3 / 2007 were primarily generated by Quelle France (k€ 61,674), Wellman (k€ 18,003), Schabmüller (k€ 14,550), DFA (k€ 8,167), Schleicher (k€ 4,407), KWE (k€ 4,293), GHOTEL (k€ 3,879), Scherpe (k€ 2,996) and Grillo (k€ 2,177).

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## 2.2 Other operating income

	(k€)	(k€)
	1/1-9/30/2007	3/20-9/30/2006
Income from the release of negative consolidation differences	44,102	539
Income from the disposal of fixed assets	3,185	–
Income from the release of provisions	3,194	1
Income from exchange and market gains	437	–
Income from costs passed on to third parties	349	160
Other	6,514	–
Discontinued operation	2,551	–
	<b>60,319</b>	<b>700</b>

	(k€)	(k€)
	7/1-9/30/2007	7/1-9/30/2006
Income from the release of negative consolidation differences	41,559	539
Income from the disposal of fixed assets	2,669	–
Income from the release of provisions	3,090	1
Income from exchange and market gains	177	–
Income from costs passed on to third parties	53	–
Other	5,199	160
Discontinued operation	1,310	–
	<b>54,097</b>	<b>700</b>

Income from negative differences in the amount of k€ 2,503 arises from the first-time consolidation of Schabmüller GmbH in Q1 / 2007 and from the first-time consolidations in the amount of k€ 41,599 for Schleicher, Quelle France and Wellman in Q3 / 2007.

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## 2.3 Cost of materials

	(T€)	(T€)
	1/1-9/30/2007	3/20-9/30/2006
Raw materials, supplies and consumables	47,685	1,886
Purchased goods	24,864	119
Purchased services	12,019	257
Discontinued operation	5,221	–
	<b>89,789</b>	<b>2,262</b>

The cost of materials for the nine-month period comprises mostly of Quelle France (k€ 29,491), Schabmüller (k€ 14,276), Wellman (k€ 11,717), KWE (k€ 9,004), DFA (k€ 8,013), Scherpe (k€ 5,274), Grillo (k€ 5,221) and Schleicher (k€ 2,049).

	(T€)	(T€)
	7/1-9/30/2007	7/1-9/30/2006
Raw materials, supplies and consumables	30,635	1,886
Purchased goods	23,682	119
Purchased services	3,734	257
Discontinued operation	963	–
	<b>59,014</b>	<b>2,262</b>

The cost of materials for Q3 / 2007 comprises mostly of Quelle France (k€ 29,491), Wellman (k€ 11,717), Schabmüller (k€ 7,878), DFA (k€ 4,005), Schleicher (k€ 2,049), Scherpe (k€ 1,579) and Grillo (k€ 963).

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## 2.4 Personnel expenses

	(k€)	(k€)
	1/1-9/30/2007	3/20-9/30/2006
Wages and salaries	36,672	1,639
Social security, pension costs and other benefits	6,682	422
Discontinued operation	4,568	–
	<b>47,922</b>	<b>2,061</b>

The personnel expenses for the nine-month period mainly relate to Quelle France (k€ 12,116), Schabmüller (k€ 9,125), DFA (k€ 6,013), KWE (k€ 4,986), Wellman (k€ 4,607), Grillo (k€ 4,568), Scherpe (k€ 3,031), Schleicher (k€ 1,810) and GHOTEL (k€ 1,573).

	(k€)	(k€)
	7/1-9/30/2007	7/1-9/30/2007
Wages and salaries	25,095	1,639
Social security, pension costs and other benefits	4,056	422
Discontinued operation	1 123	–
	<b>30,274</b>	<b>2,061</b>

The personnel expenses for Q3 / 2007 mainly relate to Quelle France (k€ 12,116), Schabmüller (k€ 5,235), Wellman (k€ 4,607), DFA (k€ 2,223), Schleicher (k€ 1,810), KWE (k€ 1,658), Grillo (k€ 1,123) and Scherpe (k€ 940).

## 2.5. Discontinued operations

On September 19, 2007 AURELIUS' investment in MTP Metallholding AG, Munich (formerly: AURELIUS Metallholding AG), was sold together with its investments in M.T.P. Holding GmbH, Peißenberg, and Grillo Peißenberg GmbH, Peißenberg. For this reason, the investment will be classified and separately reported under discontinued operations starting with the third quarter 2007 pursuant to IFRS 5.31 et seq. The respective investment has been previously classified to the segment "Industrial Production".

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The result from MTP Metallholding AG is broken down as follows:

	(k€)	(k€)
	1/1-9/30/2007	7/1-9/30/2007
Income	12,691	3,344
Expenses	-11,719	-2,584
Financial Expenses	-746	-332
<b>Earnings before interest</b>	<b>226</b>	<b>428</b>
Taxes on income	-	18
<b>Profit of the period from a discontinued operation</b>	<b>226</b>	<b>446</b>

The net cash flow of MTP Metallholding AG is broken down as follows:

	(k€)	(k€)
	1/1-9/30/2007	7/1-9/30/2007
Cash Flow from operating activities	1,026	245
Cash Flow from investing activities	-727	-217
Cash Flow from financing activities	-253	-26
<b>Net cash flow</b>	<b>46</b>	<b>2</b>

		(€)
	1/1-9/30/2007	7/1-9/30/2007
Earnings per share		
basic/diluted from a discontinued operation	0.04	0.06

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## 3. Notes to selected positions of the balance sheet

### 3.1 Property, plant and equipment

	(k€)	(k€)
	9/30/2007	12/31/2006
Land and leasehold rights	6,977	4,681
Buildings including buildings on third party land	20,493	14,032
Technical equipment and machinery	32,637	4,563
Other equipment, plant and office equipment	4,460	7,174
Prepayments and assets under construction	1,799	368
	<b>66,366</b>	<b>30,818</b>

Land and leasehold rights as well as buildings on third party land, technical equipment and machinery, other equipment, plant and office equipment, prepayments and assets under construction as well as land and leasehold rights including buildings thereon relate to Wellman (k€ 10,664), Quelle France (k€ 8,027), Scherpe (k€ 4,376), DFA (k€ 2,843) and Schleicher (k€ 1,561).

Technical equipment and machinery mainly relate to Wellman (k€ 16,987), DFA (k€ 11,323) and Schabmüller (k€ 1,897). Other equipment, plant and office equipment primarily relate to Wellman (k€ 1,654) and Quelle France (k€ 1,637).

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### 3.2 Inventories

	(k€)	(k€)
	9/30/2007	12/31/2006
Raw materials, supplies and consumables	19,861	1,234
Work in progress	16,544	5,506
Finished goods and merchandise	34,235	82
Prepayments	-1,685	–
	<b>68,955</b>	<b>6,822</b>

Raw materials, supplies and consumables mostly consist of Wellman (k€ 11,011), Quelle France (k€ 4,949), Schleicher (k€ 1,607) and Schabmüller (k€ 1,379). Work in progress comprises of k€ 12.679 for Wellman and k€ 3,156 for Schabmüller. Finished goods and merchandise primarily comprise of k€ 32,959 for Quelle France. Prepayments on inventories relate completely to the unfinished long term projects of KWE.

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### 3.3 Trade receivables

The majority of trade receivables relates to Wellman (k€ 21,703), Quelle France (k€ 8,959), Schabmüller (k€ 4,094), DFA (k€ 4,193), KWE (k€ 2,531) and Schleicher (k€ 1,866).

### 3.4 Provisions

	9/30/2007	12/31/2006 (k€)
Pensions	10,202	8,144
Employee-related	6,200	1,941
Restructuring	7,090	1,139
Provisions	2,574	–
Warranties	–	205
Other current provisions	1,505	924
Other non-current provisions	3,204	2,049
	<b>30,775</b>	<b>14,402</b>

### 3.5 Financial liabilities

	9/30/2007	12/31/2006 (k€)
Liabilities due to banks	44,621	10,579
Other financial liabilities	–	9,703
	<b>44,621</b>	<b>20,282</b>

The financial liabilities mostly comprise of Wellman (k€ 29,871), DFA (k€ 6,991), Schabmüller (k€ 4,000) and KWE (k€ 1,889).

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## 4. Segment revenues and net results

1/1-9/30/2007					(k€)
	Services & Solution	Industrial Production	Retail & Consumer Products	Other	Consolidated
Group sales	45,524	70,646	61,674	3,869	181,713
Segment results	2,089	33,027	3,071	1,685	39,872

7/1-9/30/2007					(k€)
	Services & Solution	Industrial Production	Retail & Consumer Products	Other	Consolidated
Group sales	16,339	42,132	61,674	460	120,605
Segment results	805	30,054	3,071	1,149	35,079

## 5. Employees

As of September 30, 2007, the Group employed a total of 3,090 employees; thereof 1,321 are salaried employees and 1,769 wage earners. The majority of the number of employees is attributable to the investment companies.

## 6. Important events after the end of the third quarter balance sheet date

### Acquisition - Pohland

According to the purchase agreement dated September 13, 2007, AURELIUS acquired a 100% stake in Pohland, Cologne, from Douglas Holding AG, Hagen. Pohland is an operator of high quality men's apparel at 11 stores, primarily in North Rhine-Westphalia and Hessen. Starting October 1, 2007 and after meeting all necessary purchase conditions, the company will be included in the AURELIUS Group. The purchase price was contractually agreed to be kept silent.

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#### **Acquisition - Zeeb & Hornung**

According to the purchase agreement dated October 29, 2007, AURELIUS acquired a 100% stake in Zeeb & Hornung, Kirchentellinsfurt, from the former shareholders. Zeeb & Hornung is a manufacturer and distributor of popular shirts and blouses under the brand "Einhorn" and also produces for other well-known labels under license. Starting November 1, 2007 and after meeting all necessary purchase conditions, the company will be included in the AURELIUS Group. The purchase price was contractually agreed to be kept silent.

#### **Westfalia**

According to the purchase agreement dated October 17, 2007, AURELIUS acquired a 100% stake in Westfalia, Rheda-Wiedenbrück, from Daimler AG. Westfalia is a leading German manufacturer of motor homes and motor caravans. Starting November 8, 2007 and after meeting all necessary purchase conditions, the company will be included in the AURELIUS Group. The purchase price was contractually agreed to be kept silent.

#### **SAG KT**

According to the purchase agreement dated November 20, 2007, AURELIUS acquired a 100% stake in SAG KT, Hannover. SAG KT specializes in the planning, installation and maintenance of mobile cellular networks. Starting in the first quarter 2008 and after meeting all necessary purchase conditions, the company is expected to be included in the AURELIUS Group. The purchase price was contractually agreed to be kept silent.

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## Imprint / Contact

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### Publisher

AURELIUS AG  
 Bavariaring 11  
 80336 München  
 phone +49 89 544799-0  
 fax +49 89 544799-55  
 info@aureliusinvest.com

### Editorial staff

AURELIUS AG  
 Investor Relations & Corporate Communication  
 Susanne Bregy Kräss  
 phone +49 89 544799-56  
 fax +49 89 544799-55  
 info@aureliusinvest.com

### Concept, graphic-design, production

AURELIUS AG  
 Marketing Task Force  
 Uschi Kraft  
 phone +49 89 544799-0  
 fax +49 89 544799-55  
 uschi.kraft@aureliusinvest.com

### Trade Register

Head Office: Munich  
 Register Court Munich, Reg. Nr. 161677  
 Ust-Id: DE 248377455



**AURELIUS AG**

Bavariaring 11 · 80336 Munich

phone +49 89 544799-0 · fax +49 89 544799-55

info@aureliusinvest.com · www.aureliusinvest.com