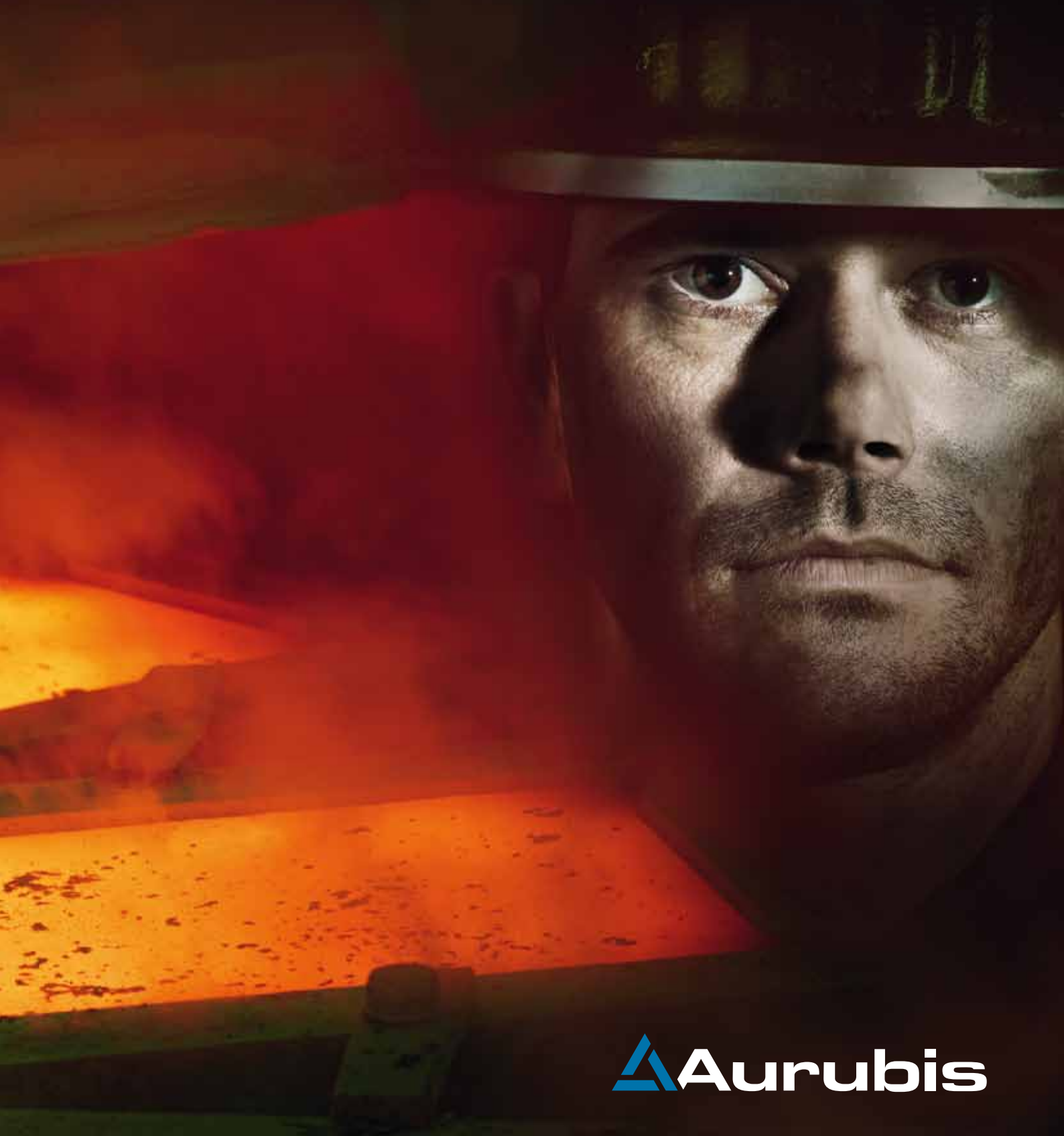


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Management Report and Financial Statements 2011/12

Aurubis AG



 **Aurubis**



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# AURUBIS AG MANAGEMENT REPORT

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# BUSINESS AND ENVIRONMENT

## Business activities and structure

### BUSINESS ACTIVITIES

The key business of Aurubis AG is the production of copper and other metals from primary and recycling raw materials as well as copper product fabrication. The Company is therefore represented in central aspects of the value-added chain of the industrial metal, copper. The production of precious metals and specialty products rounds off the range of services.

Aurubis produces most of its copper from copper concentrates that are sourced outside of Europe. Our second raw material basis includes intermediate products as well as copper scrap and other recycling materials, most of which are procured in Europe. Special processing options are available for metal production residues, precious metal-bearing raw materials and electronic scrap.

Aurubis AG produces copper cathodes at the Hamburg and Lünen sites, which are a registered trademark at the London Metal Exchange (LME). They are the starting product for continuous cast copper wire rod and shapes. The use of internal cathodes provides high delivery reliability for our copper products. On the other hand, copper cathodes are also available on the LME and can be sold to trade and industry.

Aurubis AG's main product is copper rod, which is highly effective in converting and transferring electricity due to its consistently high electrical conductivity. Continuous cast shapes make up the second important product group. They are used to produce strips, foils, sheets, tubes and profiles. The raw materials Aurubis uses contain other elements apart from copper, which are extracted to a large extent and processed into specialty products, including precious metals, sulfuric acid, selenium and iron silicate in particular.

### ORGANIZATIONAL STRUCTURE

Aurubis AG's corporate and administrative headquarters is located in Hamburg, where the main production facilities are also concentrated.

The Primary Copper sector mainly combines the production facilities for processing copper concentrates and producing copper cathodes in Hamburg. It also includes the marketing of sulfuric acid, selenium and iron silicate.

The Recycling/Precious Metals sector comprises the recycling activities and the production of precious metals. Companies and investments in connected business areas complete the portfolio.

The Copper Products sector consists of the production and marketing of continuous cast wire rod, continuous cast shapes, and specialty products. Furthermore, service and administrative sectors support the operating divisions.

## LEGAL STRUCTURE

Aurubis AG was founded in Hamburg in 1866 under the name Norddeutsche Affinerie AG and was renamed as Aurubis AG as a result of a resolution passed at the Company's Annual General Meeting on February 26, 2009. Following various changes in the ownership structure, an IPO was carried out in 1998. Aurubis has been represented in the MDAX and in the Prime Standard of the German Stock Exchange since 2003. On December 31, 1999, the majority interest was acquired in Hüttenwerke Kayser AG, a company that had specialized in copper recycling, which was amalgamated with the former Norddeutsche Affinerie AG on October 1, 2003. The Lünen site is the Group's recycling center.

The acquisition of Prymetall GmbH & Co. KG (now called Aurubis Stolberg GmbH & Co. KG) and its 50% holding in Schwermetall Halbzeugwerk GmbH & Co. KG (Schwermetall Halbzeugwerk), Stolberg took place in fiscal year 2001/02.

Aurubis took over the competitor Cumerio in fiscal year 2007/08. The company's business model also comprised copper production and processing.

The acquisition of the Luvata Group's Rolled Products Division took place on September 1, 2011.

## Corporate strategy

Aurubis AG's strategy is oriented towards offering our raw material suppliers and product customers added value and optimal service. We use our expertise in smelting, refining, metal extraction, recycling and copper processing to generate the highest value from various and especially complex raw materials. In the product business, Aurubis develops optimized copper products that are in line with market demands.

In copper production, the combination of concentrate processing and recycling as well production expertise and integrated production processes make Aurubis strong. The Company is able to process a wide range of materials in an environmentally friendly fashion and to recover the essential elements they contain in a marketable form. Aurubis views itself as being in a good competitive position for complex concentrates in particular. The Company benefits from its many years of extensive processing expertise. This special know-how is being expanded in research and development projects.

In the recycling/precious metals sector, Aurubis processes increasingly complex raw materials like industrial waste and electronic scrap from the IT and telecommunications sectors

in addition to classic recycling materials such as copper and copper alloy scrap and production residues from copper processing. The Company continuously expands its processing capacities for complex recycling raw materials and invests in state-of-the-art, environmentally friendly facilities to utilize as much of these secondary resources as possible.

In processing, the focus is on products with the specific conductive properties of copper and copper alloys, which provide added value for our customers.

Aurubis pursues the objectives of sustainable growth and increasing value, focusing on strengthening expertise in production, process management, raw material procurement and metal management and reviewing new expansion opportunities in growth markets in Europe and beyond. Furthermore, Aurubis' strategic targets include securing its high international environmental standards and adopting a responsible attitude towards people and resources.

### MEASURES TO IMPLEMENT THE STRATEGY

After acquiring the Luvata Rolled Products Division on September 1, 2011, integration was the focus during the past fiscal year. First, we introduced a new organizational structure for the division and concluded its functional integration. At the same time, an extensive package of projects and measures was drawn up. This included the planned relocation of copper strip fabrication from Finspång to Zutphen and Buffalo, which was initiated to optimize the production structure. The sites were oriented to optimally targeted product portfolios and the sales organization was realigned.

We continued and largely concluded the throughput increase at the Hamburg site during the past fiscal year as part of the RWO Future project, which involved increasing processing capacity for copper concentrates in the smelter and expanding cathode production. We are also working on solutions to the challenges of by-elements increasingly found in their concentrates. The work involved in this issue includes optimizing processes in existing facilities as well as developing new processing methods. Aurubis is working on an innovative hydrometallurgical procedure for processing highly impure concentrates that cannot be treated with existing smelting techniques by leaching them.

Various optimization projects were successfully implemented in the recycling/precious metals sector, including the hydrometallurgical process expansion for gold refining. This leads not only to faster metal production but to a higher real net output ratio for by-metals. In 2013 we will also start processing all anode slimes that accumulate in the Group internally at the Hamburg site. The required project work is going according to plan.

Internal projects have been drafted to further reinforce product expertise, market and customer know-how and innovative strength.

### SUSTAINABILITY AS THE FOUNDATION OF CORPORATE DEVELOPMENT

Sustainable conduct and economic activity are central components of Aurubis' corporate strategy. In both our daily operating business and the implementation of long-term strategic initiatives, we are oriented towards the three principles of responsibility, improvement and growth.

Responsibility is one of the Aurubis Group's five corporate values, together with appreciation, performance, integrity and mutability. These values were developed and defined together with employees and employee representatives.

In spring 2012 we published our third Sustainability Report, "Together", which describes group-wide accomplishments in sustainability in fiscal years 2009/10 and 2010/11 (see [www.aurubis.com/en/responsibility/sustainability](http://www.aurubis.com/en/responsibility/sustainability)). Just like the two previous reports, the current Sustainability Report is oriented to the guidelines of the Global Reporting Initiative (GRI); however, the sites of the former Luvata Rolled Products Division were not assessed using the GRI indicators in the current report.

This year's Environmental Report published in fall 2012 (see [www.aurubis.com/en/responsibility/environment/environmental-report](http://www.aurubis.com/en/responsibility/environment/environmental-report)) explains in detail how we are further developing our top international position in environmental protection and presents successes, targets and challenges in environmental protection. One requirement is that key environmental figures are harmonized across the sites. Key figures relevant for management were defined and are presented in a consolidated form where possible. The corporate guidelines, the environmental management system and concrete activities in environmental, climate and resource protection are outlined as well.

Aurubis has been oriented towards sustainability in many areas for a long time. Many of Aurubis' activities are not yet fully appreciated by the general public. We therefore started

developing a comprehensive sustainability strategy in fiscal year 2011/12. It focuses on the balance among the economy, the environment and people across the individual phases of our value-added chain: raw materials-processes-products.

The next step is to define the sustainability strategy more precisely by creating concrete action plans for different issues and developing objectives.

## Corporate control

### MANAGEMENT RESPONSIBILITY

The Executive Board directs the Company, which is oriented towards sustainable growth, in alignment with the corporate strategy. The individual Executive Board members apply their specialist and management expertise and their national and international experience for the benefit of the Company. There is an intensive exchange and close cooperation within the Executive Board.

The managers in the Group form the central interface between the Executive Board and the employee teams. They motivate and guide their employees to achieve high performance standards with a modern understanding of leadership in an international group environment. The corporate values (Code of Conduct) and the Aurubis management guidelines serve as a framework.

Leadership Feedback was successfully introduced in early 2012 as a management instrument. Because of the positive response, the intensive exchange between managers and their employees will continue on the next management levels in the form of a structured dialogue.

A high-potential program was initiated for young employees in the Group and was successfully concluded in 2012. In addition, an internal mentoring initiative was started. The objective of mentoring is to develop the mentee's personality and professionalism. With respect to management development, existing professional programs were supplemented with networking events and new concepts for developing change management were launched.

The remuneration system introduced for the Aurubis management in 2010 proved to be successful and was transferred to non-tariff employees in Germany. Our remuneration system is market-oriented and fulfills international standards.

A balanced composition within the management team is vital to us: women and men, national and international specialists and managers and younger and seasoned employees work closely together across divisions for shared success.

### SIGNIFICANT LEGAL AND ECONOMIC FACTORS FOR THE BUSINESS

Aurubis AG's operating business is influenced by a number of factors. Trends on the international raw material and copper markets are particularly significant. The economic performance in industrialized countries and emerging markets as well as events on the financial and foreign exchange markets also have a considerable impact. Changes in political conditions, international trade policy and factors related to the environment are also especially relevant for the business.



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

The copper price reflects the relationship between supply and demand. It is formed first and foremost in trading on the London Metal Exchange (LME), which enables physical transactions, hedging transactions and investment business. It is a benchmark beyond exchange trading and is recognized internationally.

The copper price is the basis of price calculations in both our raw material and product business. This allows for consistent risk management, so the copper price is only a transitory item when measuring operating earnings. Nevertheless, the copper price influences the supply of raw materials and demand, thus indirectly affecting earnings. Furthermore, efficient metal extraction in our plants leads to effects on earnings. They are determined by the metal price, whose volatility leads to fluctuations accordingly.

Treatment and refining charges (TC/RCs) negotiated with suppliers make up the considerable revenue components of a transaction and are an important earnings factor for the Company when procuring copper-bearing raw materials. They fluctuate according to the supply and demand trend in the respective markets, among other factors. They are essentially the compensation for turning raw materials into the commodity exchange product, copper cathodes, as well as other metals.

The metal exchange and market quotation for copper serves as the price basis for our copper product sales. The European copper cathode premiums and shape surcharges, which are charged for converting cathodes into copper products, are also part of the sales price and are important earnings factors in copper product sales.

### Exchange rates

Aurubis AG's financial accounting and reporting are carried out in euros. However, part of the business is invoiced in foreign currencies and is subject to influences from exchange rate fluctuations accordingly: while the recycling business is mainly invoiced in euros, the international concentrate business is based on the US dollar.

We identify exchange rate risks promptly and use them as a basis for hedging decisions. Spot and forward transactions as well as options are used for ongoing hedging.

### Energy

The production processes at Aurubis AG are energy-intensive. We therefore pursue the fundamental objective of increasing energy efficiency and decreasing specific energy costs. We secured a continuous electricity supply for 30 years starting in 2010 by means of a contract for a so-called "virtual power plant slice". It is based on transparent costs and makes Aurubis more independent from the electricity price trend on the electricity exchange, EEX, which is difficult to predict.

The electricity prices on the market in fiscal year 2010/11 rose by about 15% after initially moving sideways. A reduction to the level before the events in Fukushima has been evident recently.

### Energy price increases only affect Aurubis to a limited extent

The electricity prices on the German market in fiscal year 2011/12 averaged € 45/MWh (Phelix Day Base) after reaching a high in February 2012. While we have secured a permanent electricity supply for the German sites until 2040 by means of a virtual “power plant slice”, in some countries energy-intensive industry is offered special conditions that lead to prices well below the local electricity exchange prices. This is a disadvantage for Aurubis in international competition because copper is traded on the metal exchanges at uniform prices worldwide, so we cannot pass on additional costs from higher electricity prices to our customers. Aurubis therefore advocates for the compensation of additional local costs, such as reallocation charges for the Renewable Energies Act, to create uniform conditions.

Natural gas prices rose slightly during the course of the year. With weak demand for natural gas in Germany overall, low outputs from Norway and the general uncertainty in economic markets led to price increases.

We were not affected by rising natural gas prices owing to fixed price contracts, however. The natural gas price has been oriented to the current oil price quotation so far. The supply sources are diversifying with the increasing significance of liquefied natural gas and shale gas projects. We therefore assume that natural gas will be less dependent on the oil price in the future.

### Legal conditions: charges weigh on production costs

In the past fiscal year there was only a moderate increase in reallocation charges related to the Renewable Energies Act (EEG in German). A strong increase in the reallocation charges is expected in the next several years due to catch-up effects and the strong ongoing expansion of production capacities, however, especially in photovoltaics. Relief is crucial to maintain international competition among electricity-intensive and export-oriented sectors like the copper industry.

Grid use accounts for about one-third of the electricity price and one-fourth of the gas price. The German Federal Network Agency can increase or decrease grid operators' prices. We receive grid cost relief because we ensure grid stability with our predictable, consistent consumption. Nevertheless, costs rose owing to changes in the German Electricity Taxation Act.

### Energy turnaround places pressure on supply security

Aside from the costs of energy consumption, supply security is a significant aspect for our production processes. We invested a seven-figure amount in fiscal year 2011/12 in order to protect ourselves from the consequences of a possible blackout. For example, we introduced measures in Hamburg to avoid irreversible damage from this type of situation. These steps will continue for the upcoming winter 2012/13.

The magnitude of a potential blackout was evaluated and appropriate safety measures were derived at the Lünen site as well.

### Disadvantages for Europe: complete compensation of CO<sub>2</sub> costs is on hold

The European Union introduced emissions trading in 2005 as part of global climate protection. This requires companies that emit carbon dioxide to have the appropriate emission certificates. If a producer does not have enough certificates, it can reduce emissions with environmentally sound technology or purchase additional certificates. The total number of certificates is limited, so extra certificates can only be purchased from other producers whose emissions are lower than the number of certificates they have. The result is a reduction in greenhouse gas emissions.

At Aurubis AG, the Hamburg and Lünen sites will take part in CO<sub>2</sub> emissions trading starting in 2013. An application for free allocation for direct CO<sub>2</sub> emissions was submitted on time and notification is expected in early 2013.

## Economic environment in general and in the individual sectors

### GLOBAL ECONOMIC GROWTH DYNAMICS LEVEL OFF

The global economy recovered somewhat in fiscal year 2011/12 but was affected by certain factors that inhibited development. The growth forecasts from the beginning of the year were therefore retracted many times as the year went on. For example, the International Monetary Fund (IMF) revised its July forecast for global economic growth from 3.5% to 3.3% due to the fact that policymakers were not able to reinstate the public's trust in medium-term development. The existing risks of a global economic slump remained high. China, India and other emerging markets were responsible for global economic growth overall. However, the IMF lowered its forecasts in October in this case as well.

### ECONOMY IN EUROZONE INFLUENCED BY UNCERTAINTY – GERMAN ECONOMY CONTINUES TO GROW

The ongoing trend in the eurozone, which had a considerable influence on the state of the global economy, is viewed as a decisive issue. While the necessary reform processes were introduced and initial successes were recorded, the debt crisis has not been averted once and for all. In the opinion of the Organization for Economic Cooperation and Development (OECD), there is still a risk that a lack of debt reduction, a weak banking system, a strong fiscal tightening and low growth will impede recovery in Europe. The EU's statistics office, Eurostat, confirmed that the economic strength in the currency area fell by 0.2% in spring 2012 despite a limited increase in exports.

The IMF expects a decrease of 0.4% for the year overall. Southern Europe was especially weak. Economic development in Germany is predicted to increase by 0.9%.

### RECOVERY OF US ECONOMY CONTINUES – CHINA LOSES ECONOMIC MOMENTUM

#### Europe: copper demand still high

Yet another crucial aspect of global economic development in fiscal year 2011/12 was the situation in the US. The US economic performance nevertheless ended the third quarter of 2012 with a growth rate of 2.0% after an increase of 1.3% in the second quarter. Higher consumer spending and an increase in public expenditure programs contributed to this in particular.

The economic trend in China continued to be very significant for the copper market since the country accounts for about 40% of global copper demand and is the most important driver of global economic growth. The Chinese economy slowed down during the year and had fallen to a growth level of plus 7.4% after plus 7.6% in the previous quarter. The IMF expects growth of 7.8% for the entire year. In light of the usual annual increase of up to 10% and over, this is viewed as fairly serious. Declining exports were a significant cause of the decrease. Although loan policy measures were taken to support the economy and new infrastructure programs were decided on in early September, the effects will not be felt until 2013.

### Global copper market shows considerable production deficit in 2012

Macroeconomic developments were crucial influences on the copper market in 2012. They caused a great deal of insecurity, affecting all market participants, especially consumers of physical copper and copper products as well as institutional investors. Although demand fell in some cases, output was not enough to cover it. The International Copper Study Group calculated a global production deficit of 524,000 t of refined copper for the period from January to July 2012. It expects a production deficit of 426,000 t for 2012 overall, which is similar to other market observers who predict a market deficit of up to 500,000 t.

## GROWTH IN COPPER OUTPUT REMAINS INSUFFICIENT

The production side of the copper market was characterized by volume losses due to different causes: on the mine side, the strike in the Indonesian Grasberg Mine during the first quarter of 2012 reduced quantities. Lower copper contents in the ores from some older mines also led to decreases. Better production results at other mining sites and the start of production for new projects only compensated for this to a limited extent. Overall, growth in copper mine output will therefore be low in 2012. However, it is already evident that this will change significantly in the coming year, as production is starting up in a number of new projects.

There were production cancellations on the smelter side at the beginning of 2012 owing to ongoing fire damage at a smelter in the Philippines as well as technical disruptions and maintenance standstills. In China, some smelter projects were abandoned due to environmental protection issues. Concentrate availability, which was even lower at the beginning of the year, limited production. At 77.5%, global smelter capacity utilization was very low in the period from January to July 2012.

## COPPER DEMAND RISES DESPITE ECONOMIC WEAKNESS

### Europe: debt crisis places pressure on copper demand

The persisting debt crisis in Europe led to high insecurity among copper consumers, which was reflected in lower buying interest. The high copper price also limited purchasing activities. Furthermore, the lack of predictability in light of the variations in the economic environment changed customers' planning and they demanded higher delivery flexibility. Within the EU, the Southern European region was especially affected by the economic slowdown.

In Germany, which is still Aurubis AG's key market for product sales from a geographic perspective, the economic situation in the main consumer industries for copper remained favorable, though losses were evident in those sectors as well:

The German electrical industry had to deal with a 9% decrease in incoming orders from January to August 2012. Production nonetheless increased by 0.5%. However, this figure hides the fact that production was under the prior-year figures in the last few months. The energy turnaround, which was carried out too quickly and without enough planning, and the delayed expansion of the German electricity grid had a negative influence in particular. There was an investment bottleneck in this area, which had an adverse effect on demand for copper rod.

Mechanical engineering in Germany remained separated from the general economic uncertainty in the eurozone. At 84%, the industry's capacity utilization was slightly below the long-term average and its annual production is estimated to increase by 2%.

The German automobile sector was robust in the first eight months. The domestic market generally stayed at the prior-year level. Exports maintained their prior-year result as well. Production capacities were well utilized, most recently at 85%.

The construction sector was only slightly affected by the economic slump. The order intake was robust during the course of the year and increased by 7.1% from January to July.

#### Copper raw material markets register good supply

The supply on the market for copper concentrates improved continuously in 2012. This was due to the good production performance at certain mines, incoming volumes from new projects and moderate demand from copper smelters, which were influenced by a good supply, breakdowns and maintenance standstills. The positive price differential between the London Metal Exchange (LME) and Shanghai Futures Exchange (SHFE) limited purchasing activities among Chinese consumers as well. The TC/RC level therefore increased in the course of the year.

The European copper scrap market generally offered buyers a good supply during the year. The ongoing high copper price in particular increased collection intensity. Purchasing activities were hardly noticeable among Chinese companies. There was a price threshold in this area as well due to the price difference between the LME and the SHFE. Refining charges reached a good level. Other recycling materials were also readily available on the market, so there were good supply options at high refining charges.

#### Exchange inventories of copper decrease – availability limited

The level of copper inventories in storage, both with regard to the amount and regional distribution, is viewed as a significant indicator of demand and availability of volumes on the market. This approach was put into perspective in 2012, however, as stored quantities were increasingly tied to financial transactions and other factors or were not physically available at short notice due to LME regulations. Furthermore, most of the volumes were located in Asia, while hardly any were available in Europe.

A total of 219,400 t were stored in LME warehouses at the end of September 2012. The amount decreased by about 256,000 t, or 54%, during the fiscal year. After a high of 83,000 t at the New York COMEX at the end of February, stocks decreased by 45% to 45,700 t. The Shanghai Futures Exchange recorded stronger volume fluctuations. It reached its yearly high of around 225,000 t in mid-March. In contrast, only 163,000 t were in storage at the end of September 2012.

The stocks located separately from the exchange inventories also received some attention. Most notably, Chinese bonded warehouses supposedly still hold between 650,000 t and 800,000 t of copper, though a large proportion of this is bound to financial transactions.

### Copper price remains at a high level

The copper price proved to be robust in fiscal year 2011/12 and uncertainties in the macroeconomic environment were absorbed to a large extent. The fundamental copper market situation, which was characterized by a production deficit, was essential for the lower copper price's overall stability.

The entire price range during the fiscal year extended from US\$ 6,785/t (October 4, 2011) to US\$ 8,658/t (February 28, 2012). The price averaged at roughly US\$ 7,500/t in the first quarter 2011/12 and exceeded the US\$ 8,000/t mark in January. It remained at this higher level until mid-May but then dropped again to its old position of about US\$ 7,500/t. It recovered again in the first half of September, rising once more to over US\$ 8,000/t.

The average copper price during the fiscal year was US\$ 7,844/t (LME settlement). This was a decrease of about 14 % compared to the excellent previous year, which averaged US\$ 9,096/t. Converted into euros, the price decrease was nevertheless lower, about 7 %, due to the changes in the exchange rate.

# BUSINESS PERFORMANCE AT AURUBIS AG

## BU PRIMARY COPPER

The trend on the international concentrate markets reflected different developments in fiscal year 2011/12. There were initially strikes at large mines in the first half, which reduced the supply. The treatment and refining charges in the spot market reached a very low level afterward. However, we did not have to rely on significant additional purchases during this time thanks to the long-term orientation of our purchasing policy. After the strikes ended, the market recovered and the availability of volumes increased considerably again. The conditions for additional purchases improved. Overall, we distinctly increased proceeds from TC/RCs compared to the previous year. We were also in a position to secure good contractual conditions on the markets for other raw materials like blister copper and copper scrap. The satisfactory supply enabled good capacity utilization in the BU facilities.

The optimization of the raw material input mix was pushed forward in intensive cooperation between the procurement department and the technical plants, which improved our position on the purchasing markets. This was especially true for processing special concentrate qualities and for precious metal-bearing materials, with which we could potentially generate higher profit contributions.

Our sulfuric acid sales were up on the prior-year level due to the throughput. Because of stabilized demand in the markets, our sulfuric acid revenues slightly exceeded last year's. Momentum came from the fertilizer sector and the chemical industry.

The good supply of copper concentrates and copper scrap ensured high capacity utilization in our production facilities during the entire fiscal year. The processed quantity of copper concentrates reached the prior-year level of 1.1 million t at the Hamburg site (1.1 million t in the previous year).

We were able to supply copper anodes for the tankhouses during the entire fiscal year, thus ensuring that plant capacities were utilized.

The tankhouse in Hamburg produced 365,000 t of copper cathodes despite ongoing renovations and was thus slightly above the prior-year quantity (364,000 t in the previous year).

We took advantage of the flexibility of our smelting facilities for anode production during the reporting year in order to enable good operation of all of the tankhouses.

## BU RECYCLING/PRECIOUS METALS

The business performance in BU Recycling/Precious Metals is mainly dependent on the availability of recycling raw materials, the attainable margins and the efficiency of the recycling processes. The economic trend in this sector is thus exposed to the fluctuations on the copper and precious metals markets as well as the economic situation. The state of the market for other metals also plays a role. Aurubis' multi-metal recycling, which recovers as much of the valuable metal contents in the raw materials as possible, results in additional contributions to earnings.

The business performance was subject to good market conditions overall during the fiscal year. An extensive copper scrap supply allowed for good refining charges and a full ongoing supply for the facilities. The exchange prices for copper supported this trend most of the time. Only at the beginning of the fiscal year did falling prices reduce the copper scrap supply for a short time. The back orders in the metal trade resulting from this did not have negative effects on the supply for our smelting capacities, however. The material supply on the market was consistently high in the second half-year. The economic weakness in Europe has not resulted in weaker copper scrap availability so far. The markets in North America registered good availability.



Copper scrap demand in China, the largest international competitor on the copper scrap market, stayed at a moderate level during the entire fiscal year.

The markets for complex recycling raw materials were positive as well. Last fiscal year, this sector was significantly influenced by the higher capacity following the start-up and successful optimization of the KRS-Plus facilities. The option to process complex raw materials, including electrical and electronic scrap and industrial residues, increased considerably. In addition to low copper contents, complex recycling materials also contain a number of other metals, such as precious metals, nickel, tin, lead and zinc. These metals can be extracted in an especially efficient and environmentally friendly manner as part of our multi-metal recycling concept, contributing to earnings.

The availability of complex recycling raw materials was very good during the entire fiscal year. This was true for the significant supply markets in Germany and Europe as well as abroad. The attainable processing fees reached a good level accordingly.

The start-up of KRS-Plus operations in summer 2011 changed the processing structure at the Lünen recycling center and enabled higher throughputs of complex recycling materials.

The throughput reached 272,000 t (260,400 t in the previous year) of material in the existing Kayser Recycling System for the first time, an increase of 5% compared to the high prior-year figure. The metallurgical results achieved with the new KRS-Plus process were convincing with respect to the metal yield and the reduction in metal losses. Overall, Lünen's output of copper anodes, which are cast at the end of pyrometallurgical processing, did not quite reach the very good prior-year level due to brief maintenance standstills.

The copper cathode output in Lünen did not completely maintain the very good prior-year level of 213,000 t either. The output was 203,000 t in fiscal year 2011/12.

In addition to copper materials, Aurubis also processes precious metal-bearing raw materials. The volume increased distinctly, supported by high precious metal prices and the high availability associated with them. The decrease in silver output is a result of the material mix used, which had a lower silver content in the past fiscal year. Our silver output was 1,222 t accordingly (1,374 t in the previous year). The gold output during the year rose to 37 t (35 t in the previous year).

### BU COPPER PRODUCTS

The parts of BU Copper Products that belong to Aurubis AG produce and market top quality copper products. Copper cathodes produced internally are primarily used for this purpose.

The strongest product at Aurubis in terms of volume is cast copper wire rod from the AURUBIS ROD brand. It is characterized by the highest electrical conductivity, the best workability and an excellent surface. Rod is the main starting material for the cable and wire industry, which processes it into electrical conductors with a variety of cross-sections.

Aurubis manufactures continuous cast copper shapes from the AURUBIS SHAPES brand as a starting product for semi-finished product fabricators and tube rolling mills. We have held a leading position in this area for many years as well, especially when large cast shapes and specialty products of the highest quality are required.

Our customers pay so-called shape surcharges for copper product fabrication on the market, which are added to the copper price.

In the course of the fiscal year, the growing economic uncertainties in the eurozone and the weak economic trend in important export markets increasingly affected the economic sectors that include our direct customers. Their awareness of risks strongly increased and was reflected in more cautious scheduling and in their search for higher delivery flexibility. For example, although customers in the semis industry were initially somewhat optimistic, this was put into perspective as 2012 went on, as companies in the end customer sector worked below capacity in some cases. Demand was also weak for copper for conductive purposes, including in our customers' export business with Asia. Plug connectors for the automotive industry were affected as well. The demand level remained stable in the North American market, however. The infrastructure measures expected from the energy turnaround in Germany were delayed.

In the AURUBIS ROD product sector, the economic divide between Northern and Southern Europe was very perceptible. The Northern European markets proved to be more stable than the Southern European markets. Spain was especially affected by a serious decline in industrial production and therefore rod demand. The Italian sales market experienced

very weak demand during the fiscal year. Due to accelerated sales market promotion and development outside of Europe, we were able to compensate for the unfavorable trend in our key markets to some extent. Newly developed, market-ready alloys, e.g., for the automotive industry, tapped new areas of demand at the same time. Business stabilized at a low level during the last few months of the fiscal year.

Sales of AURUBIS SHAPES increased compared to the previous year until March 2012. However, there were demand decreases in early summer due to the economic situation, which caused sales volumes to fall below the previous year.

Our customers' demand focuses especially on high-value products with excellent conductivity as well as micro-alloyed products for special applications. In contrast, demand for standard products weakened in some areas.

Shape surcharges developed positively due to the increasingly high-value product mix. The expansion of the product portfolio with respect to the possible dimensions and materials was oriented towards customers' special requirements.

# FISCAL SITUATION

## Results of operations, financial position and net assets

### RESULTS OF OPERATIONS

#### Development of earnings and main items in the income statement

Income statement in € million	2011/12	2010/11
<b>Revenues</b>	<b>8,778</b>	<b>9,063</b>
Changes in inventories	85	21
Other income	63	44
Cost of materials	(8,334)	(8,576)
<b>Gross profit</b>	<b>592</b>	<b>552</b>
Personnel expenses	(212)	(200)
Depreciation and amortization	(33)	(28)
Other operating results	(133)	(97)
<b>EBIT</b>	<b>214</b>	<b>227</b>
Result from investments	44	45
Net interest expense	(48)	(39)
Write-down of fixed asset securities	(20)	(36)
<b>Financial results</b>	<b>(24)</b>	<b>(30)</b>
<b>Earnings before taxes</b>	<b>190</b>	<b>197</b>
Extraordinary result	0	(12)
Taxes	(68)	(57)
<b>NET INCOME FOR THE YEAR</b>	<b>122</b>	<b>128</b>

Aurubis AG's net earnings remain at a high level despite a difficult economic environment. This mainly due to a high concentrate throughput with higher raw material availability compared to the previous year owing to the concentrate as well as higher sulfuric acid revenues. An efficient metal yield with ongoing high metal prices contributed to the good result.

However, net earnings were negatively affected by weak demand in the product sector due to economic factors.

While gross profit increased by € 40 million to € 592 million, EBIT declined slightly because of higher costs and nonrecurring charges and amounted to € 214 million as at the balance sheet date (€ 227 million in the prior year).

Personnel expenses went up from € 200 million to € 212 million in the reporting period as a result of an increase in the number of employees and wage increases.

Depreciation and amortization increased by € 5 million compared to the prior year, from € 28 million to € 33 million.

Other operating expenses went up by € 36 million, from € 97 million to € 133 million. The increase results in particular from write-downs of € 22.5 million connected with the liquidation of Aurubis Switzerland SA. Furthermore, freight costs increased by € 10.5 million compared to the prior year.

Aurubis AG's result from investments includes dividend payments from subsidiaries of € 44.3 million (€ 45.2 million in the prior year).

Write-downs on financial fixed assets include allowances on fixed asset securities as of the reporting date of € 19.8 million.

After taking into account income taxes of € 68 million (€ 57 million in the prior year), net income for the year fell by € 6 million to € 122 million. The calculated tax rate is therefore 36% (29% in the prior year).

The higher tax rate for the fiscal year is mainly due to non-deductible write-downs on receivables and securities.

### Return on capital employed (ROCE)

in € million	9/30/2012	9/30/2011
Equity	1,129	1,062
Provisions for pensions	56	55
Borrowings	1,145	968
Less: Cash and cash equivalents	-603	(444)
<b>Capital employed as at the balance sheet date</b>	<b>1,727</b>	<b>1,641</b>
Earnings before taxes (EBT)	190	197
Net interest expense	48	39
<b>Earnings before interest and taxes (EBIT)</b>	<b>238</b>	<b>236</b>
<b>RETURN ON CAPITAL EMPLOYED (ROCE)</b>	<b>13.8 %</b>	<b>14.4 %</b>

Capital employed as at the balance sheet date of September 30, 2012 amounted to € 1,727 million (€ 1,641 million in the prior year). This results in a return on capital employed (ROCE) of 13.8 % compared to 14.4 % in the prior year.

### DEVELOPMENT OF REVENUES

Revenues fell from € 9,063 million in the prior year to € 8,778 million in the reporting period. Despite higher revenues in the rod and precious metals sectors, total revenues fell by about 3 % compared to the prior year.

As in the previous year, the Company's revenues were primarily generated with customers in Germany (40 %) and the European Union (41 %). The share of the revenues in other countries mainly resulted from sales in Asia (5 %) and North America (5 %).

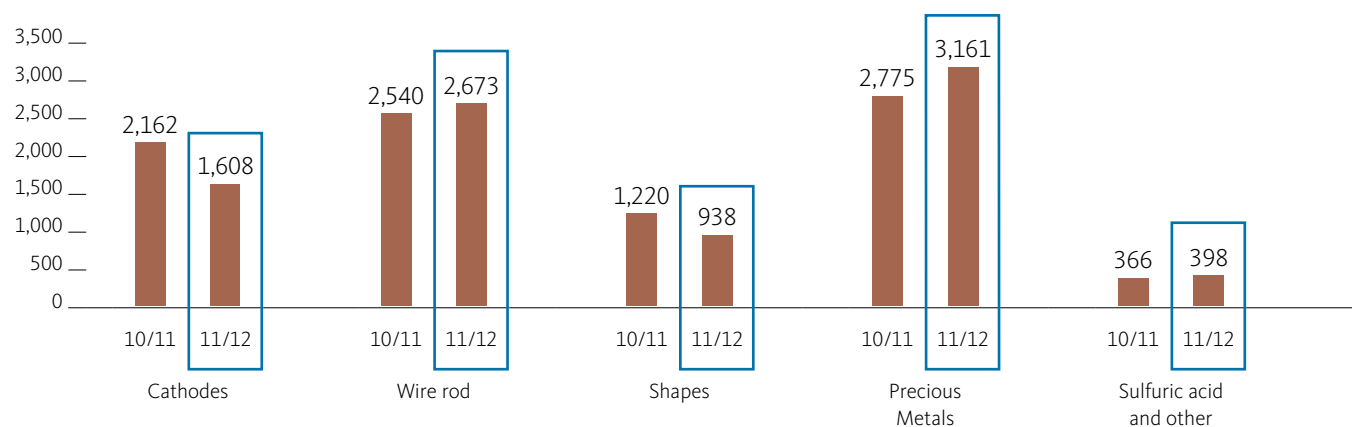
The cost of materials ratio was virtually unchanged at 94 % (94.3 % in the prior year) due to continued high metal prices. After including other income, a gross profit of € 592 million is reported (€ 552 million in the prior year).

### Geographical breakdown of revenues

in %	2011/12	2010/11
Germany	40	49
European Union	41	37
Rest of Europe	3	3
Other countries	16	11
<b>TOTAL</b>	<b>100</b>	<b>100</b>

## Development of revenues of Aurubis AG by products

in € million



## FINANCIAL POSITION AND ANALYSIS

Liabilities to banks amounted to € 532 million as at the balance sheet date (€ 549 million in the prior year). The maturities are as follows:

Less than 1 year	€ 25 million
1 to 5 years	€ 255 million
more than 5 years	€ 252 million

After including financial liabilities to subsidiaries amounting of € 613 million (€ 419 million in the prior year) and deducting cash and cash equivalents of € 603 million (€ 444 million in the prior year), net borrowings\* amounted as at September 30, 2012 to € 542 million (€ 520 million in the prior year).

Debt coverage calculates the ratio of net borrowings\* to earnings before interest, taxes, depreciation and amortization (EBITDA) and shows the length of time required to redeem the existing borrowings\* from the Company's income. The

average period of 2.0 in the prior year rose slightly to 2.2 in the past fiscal year as of the balance sheet date. Aurubis AG therefore holds a good position.

The ratio of EBITDA to net interest expense (interest coverage) expresses clearly the number of times net interest expense is covered by earnings before taxes, the financial result and depreciation and amortization. A factor of 5.0 was achieved for the past fiscal year (6.4 in the prior year).

\* Starting in the fiscal year 2011/12, net borrowings include net borrowings and receivables from affiliated companies; the prior-year figures have been adjusted

### ANALYSIS OF LIQUIDITY AND FUNDING

The cash flow statement shows the funding sources and how the funds are applied in the reporting period.

The good net earnings in fiscal year 2011/12 led to a cash flow from operating activities of € 122.0 million, taking into account the cash outflow from the change in working capital.

There was a cash outflow in working capital, primarily due to the build-up of copper stocks. Overall, the cash outflow from the change in working capital was € 45.0 million in the reporting year.

The net cash outflow from investing activities amounted to € 86.5 million (€ 285.3 million in the prior year).

The payments related primarily to the expansion of concentrate and anode slime processing at the Hamburg site as well as various infrastructure, replacement and improvement measures.

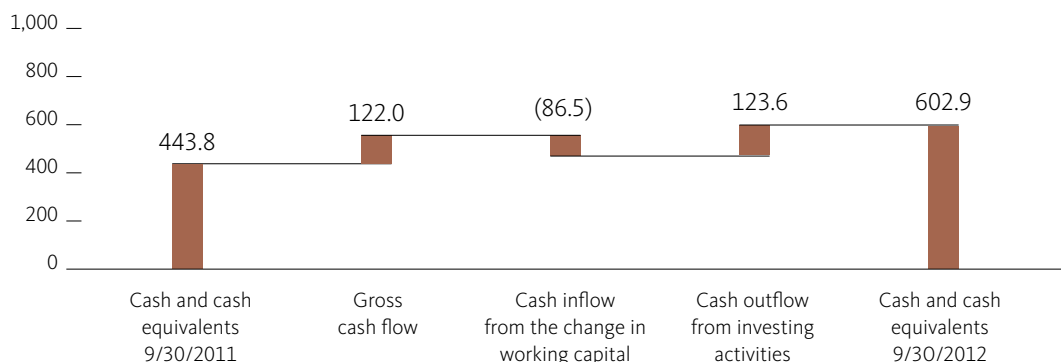
The cash outflow from investing activities was funded by the net cash flow.

The cash inflow from financing activities mainly comprised receipts from subsidiaries in conjunction with the cash pooling.

Cash and cash equivalents at the end of the reporting period amounted to € 602.9 million and ensure the Company's liquidity.

In addition to cash and cash equivalents, Aurubis AG has unused credit facilities and thus adequate liquidity reserves. Parallel to this, Aurubis AG makes selective use of the sale of receivables without recourse under factoring agreements as an off-balance-sheet financial instrument.

#### Source and application of funds in € million



## NET ASSETS

### Analysis of net assets structure

Total assets went up year-on-year by € 258.7 million to € 3,391.6 million.

Apart from the increases of € 55.0 million in inventories and of € 11.4 million in receivables and other assets, this was due in particular to a € 159.1 million increase in cash and cash equivalents.

The fixed assets only went up slightly overall by € 33.3 million to € 1,800.5 million as at September 30, 2011 (€ 1,767.2 million in the prior year), due to investments of € 72.0 million in intangible assets and property, plant and equipment, while impairment losses of € 20.3 million recorded against the fixed financial assets had a negative effect.

The ratio of fixed assets to total assets fell slightly to 53 % (56 % in the prior year) due to the overall increase in total assets, while the ratio of inventories to total assets remained unchanged at 18 %.

The ratio of receivables and other assets to total assets is also virtually unchanged at 11 % as at September 30, 2012 (12 % in the prior year).

Equity increased on account of the higher net income from € 1,061 million in the prior year to € 1,129 million as at the end of the fiscal year. The equity ratio only fell slightly to 33 % (34 % in the prior year).

Provisions for pensions are more or less unchanged at € 55.7 million. The decrease of € 11.1 million in other provisions to € 160.1 million is mainly due to payments connected with the amounts provided for the stock option program and the declining level of provisions for semi-retirement contracts.

The higher liabilities mainly result from the increase of € 211.0 million in deposits by affiliated companies at Aurubis AG to € 731.1 million in conjunction with financial transactions.

Trade accounts payable increased only slightly by € 18.2 million to € 652.3 million.

The decline in sundry liabilities from € 107.6 million to € 100.9 million is due in particular to lower tax obligations.

### Balance sheet structure of Aurubis AG

in %	2011/12	2010/11
<b>ASSETS</b>		
Fixed assets	53	56
Inventories	18	18
Receivables, etc.	11	12
Cash and cash equivalents	18	14
	<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		
Equity	33	34
Provisions	6	7
Liabilities	61	59
	<b>100</b>	<b>100</b>

### ASSETS NOT RECOGNIZED IN THE BALANCE SHEET

Assets not recognized in the balance sheet comprise assets such as forklifts, IT equipment and various construction machines that are used in conjunction with leases. Financial commitments under leases amount to € 6.1 million. Apart from this, financial commitments under long-term storage and handling agreements amount to € 185.4 million.

### 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, € 13 million was invested in the Future RWO project at the Hamburg site. The project involved modernizing and expanding the capacity of the tankhouse at

the Hamburg site. The concentrate processing capacity was also increased slightly. The overall project was largely concluded during the past fiscal year after a total duration of four years. A total of € 23 million was invested at the Hamburg site for the project to expand anode slime processing. Furthermore, € 3 million was invested in the construction of a bulk material warehouse and € 2 million was invested in renovating the anode furnace's off-gas system at the Lünen site.

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

## Overall statement on the economic situation

Aurubis AG had a successful fiscal year overall in 2011/12 and is economically stable. The developments in the Business Units varied. While the Business Units Primary Copper and Recycling/Precious Metals benefited from good procurement markets and high capacity utilization at the production plants, the business performance in Business Unit Copper Products was affected by considerable declines in sales volumes in some cases as a consequence of the weakness of the economy. Copper and silver prices declined slightly lower during the fiscal year, while the gold price reached a record level.

The sulfuric acid market was at the good prior-year level at the end of the fiscal year. Treatment and refining charges for copper concentrates increased during the year and refining charges for copper scrap attained the good prior-year level. By contrast, sales of copper products, especially in Europe, were considerably down on the prior year. With the expansion of copper cathode production and anode slime processing at the Hamburg site, we are engaged in important projects that will enable us to strengthen Aurubis' competitive edge and market position further.



# NON-FINANCIAL PERFORMANCE INDICATORS

## Human resources

### PERSONNEL STRATEGY DEVELOPED FURTHER

The group-wide personnel strategy was derived from the corporate strategy and revised in 2012 based on current changes. The central Human Resources (HR) Corporate division works with the local HR departments and implements the personnel strategy together. Focuses of managers' HR work included developing management skills, change management and professionalism in communication.

In 2012 the leadership guidelines, which establish company-wide requirements and standards for managers, were supplemented with an additional instrument for professional communication, "Leadership Feedback". It was successfully introduced in early 2012 and promotes intensive exchange between managers and employees. This type of structured dialogue is important for the Group because managers are significant propagators within the Company and are therefore a gauge for global corporate success. They rely on employee feedback in order to fulfill their responsibilities with respect to objectives and leadership culture.

Aurubis values progress and future viability. Active change management means being faster, more effective and closer to the market, suppliers and customers. This requires a great deal of skill, flexibility and creativity – in strategies, in organization, in thinking and acting. Managers gain these abilities with targeted development programs. The Leadership Program enables managers to increase their effectiveness. Apart from the usual programs, supplementary networking events started up as a platform for discussion and for deepening information gleaned from the training. Furthermore, there is a focus on business management topics and professional change management.

A group-wide mentoring initiative started up in 2012 to supplement the training options. Its purpose is to develop participants' personalities and professionalism with the idea of utilizing experience within the Company. The mentor supports the mentee by passing on professional experience and

reflecting on current decisions and conduct. This supports knowledge exchange in the Company and intensifies internal networks.

### SUCCESSOR DEVELOPMENT: INTERNAL PROGRAMS AND COOPERATION WITH PARTNER UNIVERSITIES

A high potential program was initiated for talented young employees in the Group and successfully concluded in 2012. The objective of the program is to enhance participants' leadership and management skills, to allow them to reflect intensively on their own conduct and to promote cooperation and networking across sites and functions. The participants work on real company projects within the program. Targeted development talks were carried out and individual development plans were drafted with every participant at the end so that they could successfully transfer the knowledge they gained from the program to their every day work.

In addition to developing future managers internally, Aurubis is active at universities. To prepare itself for the lack of qualified workers due to demographic factors, Aurubis works closely together with German partner universities in Freiberg, Aachen, Clausthal-Zellerfeld, Leoben and Hamburg as part of its university marketing. For example, the Group supports young engineers with scholarships, provides support and supervision for thesis projects and dissertations and offers internships. In addition, Aurubis carries out regular excursions and organizes plant tours.

### PROMOTING FEMALE EMPLOYEES

Equal opportunities for women and men are a matter of course for Aurubis. This is already outlined in the Code of Conduct. As a production company in the smelter industry, however, Aurubis offers many jobs that are associated with high physical demands and shift work. Women rarely apply for jobs with these kinds of requirements. Additionally, the number of female applicants in technical fields relevant to Aurubis unfortunately remains low.

Aurubis pursues the goal of addressing female applicants more strongly in the future and carries out special marketing activities for this purpose. As part of its contact with universities and schools, Aurubis speaks with female students about apprenticeships or job opportunities after completing their studies. The success of these activities is evident among the apprentices in Germany in particular.

During the past fiscal year, Aurubis also supported female employees in the industrial/technical sector with a workshop series to discuss conduct and communication issues in a male-dominated field.

Furthermore, the Lünen site participated in an EU project to promote future female managers and was involved in the project "More Women in Leadership Positions". Aurubis in Lünen also received certification for its commitment to the issue of combining work and family.

## EMPLOYEE COMPENSATION: INCENTIVES VIA VARIABLE COMPONENTS

### New management salary system

The new salary system for Aurubis management (in Germany: senior staff) started applying to non-tariff employees in Germany on October 1, 2012. The differing salary and bonus systems in the non-tariff sector were completely revised and carried over into a new, transparent salary system for Aurubis management. This is based on an analytical job evaluation, clearly defined income brackets and a target bonus model with defined levels of performance measurement and weighting. The system is assessed internationally in regular intervals for its competitiveness and attractiveness.

### Employee profit-sharing at Aurubis

Performance and success-oriented compensation is a fundamental element of the remuneration system at Aurubis AG. Motivated, high-performance 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. The individual performance and collective team performance serve as parameters in this case. Both contribute significantly to company success and are considered in the performance and success-oriented compensation accordingly.

### Employee shares in high demand once again

Staff at the German sites were again given the opportunity to acquire Aurubis AG shares at a discount during the past fiscal year. Many employees took advantage of this offer again.

### Incentive plan

Since 2004 there has been 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 sixth tranche started in spring 2012. The prerequisite for participation is that executives own a certain number of Aurubis shares, depending on their seniority. The seventh and last tranche of the incentive plan was issued in March 2010. Since the new Executive Board compensation system does not include these compensation components, they will also be phased out for management and non-tariff employees.

### PERSONNEL STRUCTURE

A total of 2,875 employees worked at Aurubis AG as at September 30, 2012. Of this number, 2,281 are employed at the Hamburg site and 594 are employed at the Lünen site.

### EDUCATION AND TRAINING: QUALIFICATIONS ARE A KEY FACTOR

Qualified specialists and managers have central importance for Aurubis

#### Your future starts at Aurubis – career information events

A career information day took place for the first time on June 16, 2012 at our Hamburg site under the motto "Your future starts at Aurubis". More than 350 interested young people came and received information about Aurubis' vocational training options and career opportunities at the Apprenticeship Marketplace.

The Apprenticeship Night in Lünen – an event organized by various regional companies, the city of Lünen and the local employment agency on September 28, 2012 – was also a great success. Visitors were able to gather information about the site's different apprenticeship options here as well.

#### New apprenticeship class started in early September 2012

On September 1, 2012 a total of 62 young women and men started their apprenticeships at Aurubis in Hamburg. The young people are trained in 13 trades and professions in Hamburg. As at the balance sheet date, a total of 228 young

people were in apprenticeships in 20 trades and professions in Hamburg and Lünen. Apprentices make up about 8% of the workforce at the Hamburg and Lünen sites. The retention rate has traditionally been over 95%.

#### Increasing employees' qualifications by further training

Ongoing training for our employees is a central aspect of our HR policy. In fiscal year 2011/12 more than 2,600 employees from Hamburg and Lünen participated in seminars and courses to gain additional knowledge and skills for their jobs. The time spent on vocational training totaled about 45,000 hours. In addition to specialist qualifications, the main topics once again included occupational safety, foreign languages and team and personality development.

#### Aurubis Family Service initiated for German sites

The Aurubis Family Service started on October 1, 2012 to support the balance between family life and work. The company that offers the service provides consultation on issues dealing with childcare and/or family members who require assistance and care.

## HEALTH PROTECTION

The targets of occupational safety and health protection at Aurubis are oriented towards physical and mental well-being and a good environment in the workplace as well as avoiding work-related accidents and illnesses of any kind. Continuous improvements and new approaches relating to technology, organization and conduct are necessary in order to reach these targets.

The Group Safety Steering Committee defined a long-term objective for the entire Group in order to give supervisors the opportunity to implement measures to reduce accident frequency in their divisions in the short, medium and long term. The goal is to reach this objective by 2022. This long

period of time was chosen so that the developments could be implemented sustainably, for example by reducing both the accident frequency and severity.

## THANKS FROM THE EXECUTIVE BOARD

In fiscal year 2011/12 all employees contributed significantly to the Company's successful development with their daily dedication. We would like to offer them our sincere thanks for their commitment and service.

Our thanks also go to the employees' representatives, with whom we worked closely and constructively during the past fiscal year again.

## Research and development

Research and development (R&D) supports the Business Units in implementing their strategy. In addition to intensive cooperation with the production sectors to solve problems in daily business, long-term projects to develop innovative procedures and products are becoming increasingly important in the continuous improvement of these factors. Small teams work on these projects across divisions.

Apart from increasing efficiency while taking into account the working capital and the increase in flexibility when processing complex raw materials, important concentrations of R&D work include by-metal extraction from different intermediate products from the copper production process as well as developing and optimizing copper-based products.

R&D expanded its product and process optimization portfolio by implementing simulations carried out by internal experts. Aside from an internal flow simulation, the focus is on improved standardized assessment of process and analysis data with the help of statistical methods.

Intensive cooperation with metallurgical departments at universities in particular continued or increased, for example with chemistry, process technology, metallurgy and metrology institutes. The partnerships encompass a wide range of bilateral projects and doctoral scholarships as well as publicly funded work, e.g., by the German Federal Ministry of Education and Research. Additionally, the Company has very close contact with plant construction firms and technology developers.

While most tasks involved projects for process improvement, the tasks related to product and process development increased again.

### **PROCESSING COMPLEX RAW MATERIALS EFFICIENTLY**

As in the past few years, one of the key focuses of R&D work for BU Primary Copper and BU Recycling/Precious Metals was to improve the metal yield as part of “continuous improvement”. Within the scope of a publicly funded research project, the active pilot-level trial phase for improving the quality of iron silicate slag from primary copper production ended successfully.

In another project sponsored by the Federal Ministry of Education and Research, successes in processing e-scrap in a pyrometallurgical reactor were achieved together with a partner university. We expect further successful research until the funding period ends.

A new method was also effectively tested in a pilot facility in secondary copper production with the objective of significantly reducing processing times for precious metal-bearing materials in this sector as well.

R&D activities expanded this fiscal year, as the department took initial steps to performing company-wide simulations. The first projects have demonstrated the benefit of having internal experts who support our production and engineering departments in different issues regarding apparatus and plant construction with the help of flow simulation. Another focus in the next few years will be the standardized use of statistical methods with which the existing process and analysis data on process and product optimization can be used.

We are involved in planning a new, modern Technology Center at the Hamburg site in order to develop new procedures for products and raw material processing and to adjust them to

Aurubis’ requirements. A modern R&D center would provide the option of better analyzing and optimizing processing routes for raw materials or intermediate products with the use of pyrometallurgical and hydrometallurgical procedures.

### **SELECTING SUITABLE MATERIAL WITH OPTIMIZED PROPERTIES INCREASES CUSTOMER BENEFIT**

In Business Unit Copper Products, process and product developments and optimizations are based in large part on suggestions and requirements from customers and markets. This makes cooperation with customers as well as interdisciplinary exchange among the company divisions sales, production, product technology and quality, supply chain and research and development exceedingly important.

The emphasis during the past fiscal year was on working on materials with a good composition of mechanical properties and electrical conductivity.

The low-alloyed copper rod successfully produced by Business Line Rod+Shapes for high-strength wire that is resistant to softening, e.g., for applications in the automotive industry, is currently being sampled by end customers. Higher-alloyed copper alloys were successfully cast in a continuous process for the first time in cooperation with customers. The alloys are also being sampled at the moment.

The ongoing high metal prices were the starting point for a number of projects to use materials with lower metal values in existing and new products.

## Environmental protection

Aurubis is currently one of the most environmentally friendly copper producers in the world. Sustainability, resource efficiency and environmental and climate protection are key targets of our corporate strategy and are firmly established in our company guidelines. Energy efficiency and climate protection are constantly developed and improved at all of the sites. The objective is to maintain Aurubis' leading international position and to continue setting benchmarks in climate protection and energy efficiency.

### ENVIRONMENTAL GUIDELINES AND MANAGEMENT SYSTEM: HIGH ENVIRONMENTAL STANDARDS AT AURUBIS

Uniform environmental protection standards are in place at all Aurubis sites. Concrete targets were derived for the individual sites. The sites regularly report to the central environmental protection division on compliance with environmental protection targets, environmental protection measures implemented and the standardized environmental key performance indicators (KPIs). Certified management systems support the implementation of environmental and climate protection goals. Aurubis' environmental management systems are certified in accordance with ISO 14001 at most of the individual sites and additionally with EMAS in Hamburg and Lünen. Furthermore, we work with energy management systems in accordance with ISO 50001. External consultants verify the implementation of environmental protection and the resulting successes annually.

### PROJECTS AND PROGRESS IN ENVIRONMENTAL PROTECTION

Capital expenditure on modern environmental and plant technologies is required for sustainable environmental protection. In the past several years, about one-third of the Group's total capital expenditure has been spent on environmental protection activities. The success of the measures at Aurubis is also confirmed by the emissions trend in primary copper production – emissions have been reduced significantly since 2000.

The following measures also reduce emissions:

- » In September 2011 a new storehouse for bulk material was inaugurated at the Hamburg site. The capital expenditure volume amounted to about € 7.5 million. The 5,000 m<sup>2</sup> hall with a crusher and conveyor facility is intended to reduce fugitive emissions in this area by about 70 %. The crusher was integrated into the hall concept in summer 2012. The emission situation in the immediate vicinity of the production facilities and surrounding the plant will be further improved as a result.
- » At the Lünen site, the KRS-Plus facilities that officially went into operation in July 2011 set a new benchmark in environmental protection. With a capital expenditure volume totaling € 62.5 million, Aurubis spent € 17 million on extensive environmental protection equipment. A highlight of this equipment is the new crane hood, which was installed in a plant of the non-ferrous metals industry for the first time. It collects all of the fugitive emissions from the new furnaces in connection with a closed hall. The start-up went very well and the facility is currently being optimized with regard to its metallurgical results.

Aside from reductions in air emissions, Aurubis also made significant improvements in water pollution control. As an energy-intensive company, Aurubis also feels committed to improving climate protection. The Group invests in energy-efficient plant technologies, individual measures to save additional energy and volunteer projects at all sites. In Hamburg,

for instance, Aurubis participates in the city of Hamburg's climate protection program. This led to significant CO<sub>2</sub> emission reductions, as demonstrated by the consolidated climate protection indicators for copper production.

### RESOURCE CONSERVATION

Resource conservation is a significant issue on the European level, based on the idea that environmental protection should extend beyond avoiding and reducing emissions. Increased material efficiency and more effective recycling of waste in particular should lead to progress in resource conservation. On the national level, a German resource efficiency program was developed that relates first and foremost to non-energetic raw materials, such as copper.

Copper is an important raw material. The extraction and use of non-ferrous metals are required for technical progress and a high standard of living. Copper produced in an environmentally friendly manner is also a significant problem solver when it comes to climate protection. Without copper there would be no efficient technologies for renewable energies and thus no energy turnaround. Copper can also be produced in a resource-efficient manner and recycled without a loss of quality.

For a country like Germany that lacks raw materials, copper recycling is an important pillar of copper production. It is becoming a key issue, especially with respect to resource ef-

iciency. Although the constant increase in copper demand cannot be covered by recycling alone, it forms the basis for a sufficient copper supply in Europe together with environmentally friendly copper production from primary raw materials.

Aurubis pursues goal-oriented environmental protection with state-of-the-art technology. The company obtains raw materials from more than 50 countries worldwide, with a focus on Europe for the recycling sector. A number of recycling raw materials, for example circuit boards, copper pipes and electronic scrap, are purchased and processed as part of Aurubis' multi-metal recycling. Aurubis can almost completely recycle even marginal quantities of copper and precious metals in sophisticated processes. Modern plant technologies ensure minimal effects of production on the resources of water, air and soil. Aurubis converts nearly all of the raw materials from the production processes into marketable products. Waste is effectively avoided and recycled in an environmentally friendly way if possible.

Aurubis strives to recycle accumulated waste as far as possible. The recycling rate for production waste is almost 100%.

Expanding recycling in the Group helps to close material cycles in an environmentally sound manner and therefore makes an important contribution to sustainable development.

# RISK REPORT

## Risk management system

Risks are an integral part of the Aurubis Group's economic activities. We manage and monitor the significant risks with the help of a risk management system (RMS) suited to our business activities. The early identification of these risks and monitoring their development is of major importance. The objective is to limit negative effects on earnings caused by risks as far as possible by appropriate countermeasures. The risks are outlined in a structured way based on their position in the value-added chain and classified based on their likelihood of occurrence and economic significance.

Risk management is an integral component of the centralized and decentralized planning, management and monitoring processes and covers all the Aurubis Group's main sites and business sectors. The planning and management system, regular reporting, an open communication culture and routine audits at the sites make our risk situation transparent.

Risk management officers have been appointed for all sites and business sectors, and form a network within the Group. The Group headquarters in Hamburg manages the network. Group risk management reports directly to the Chief Financial Officer. The RMS is documented in a Group guideline.

## Independent monitoring

The RMS is subject to routine monitoring and review. Internal Auditing monitors risk management and compliance with the internal control system with systematic audits. As a process-independent authority, they contribute to the integrity of the business procedures and the effectiveness of the installed systems and controls.

Furthermore, the Audit Committee deals intensively with risk management issues. The risk management officer informs the committee together with the Executive Board about developments in risk management.

In addition, the auditors review our RMS to ensure that it adheres to legal requirements. They report the audit results to the Executive Board and the Supervisory Board's Audit Committee.



## Explanation of relevant risks

### SUPPLY AND PRODUCTION

The ability to keep the production facilities supplied with raw materials and the availability of these facilities are of the utmost importance for the Aurubis Group. Occurrences that considerably restrict our production processes are thus viewed as significant risks and are countered with appropriate countermeasures.

Most of the raw materials for copper production are in the form of copper concentrates. The remaining materials are composed of recycling raw materials and smelter intermediates. Before processing, these input materials are sampled using recognized analysis techniques to determine their value.

To ensure our supply of copper concentrates, we have concluded long-term agreements with a number of concentrate suppliers from various countries. In this way we are able to minimize 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 the supply agreements, though the supply at the beginning of the fiscal year was limited due to mine strikes. We still expect copper concentrate availability to recover in the medium term and thus that treatment and refining charges will rise.

The production facilities of BU Recycling/Precious Metals were kept well supplied with copper scrap and other recycling raw materials during the entire fiscal year owing to our extensive international supplier network. The good supply situation was supported by the copper price, which was high overall, though a declining copper price occasionally led to a limited supply. Complex recycling materials such as electronic scrap, which serves in particular as feed material for the Kayser Recycling System (KRS), were also available in sufficient quantities. We view the supply situation on the market for recycling materials positively, though the predictability of copper scrap availability is limited. Temporary volatility cannot be ruled out.

The supply in the production plants in BU Copper Products is mainly covered by copper cathodes produced within the Group. In addition to higher value added, this allows for quality control for copper products during the entire process. We were able to cover the demand for copper cathodes internally, therefore ensuring our delivery reliability and the quality of our products.

Plant availability was good overall, though it was reduced at times due to scheduled maintenance standstills and small-scale technical disruptions. Effects on production were limited. During the winter months, unfavorable weather conditions led to ice on the Elbe River and thus logistical issues and reduced throughput in Hamburg's primary smelter. Nevertheless, the effects of these factors were minimized with appropriate measures.

### PRODUCT SALES

The sales situation for copper products weakened considerably in the past fiscal year due first and foremost to the European debt crisis as well as the slow-down in the global economy and related uncertainties. Overall, we registered a considerable decrease across all product groups compared to the previous year.

Cathodes that were not processed internally were sold on the international copper market. Demand for sulfuric acid stabilized at a good level again after a weak period at the beginning of the fiscal year.

We expect stabilized copper product demand and stable development in the sulfuric acid market in the next few months. Positive or negative influences from economic trends are possible, however.

### ENERGY

Energy prices did not change much overall. We are safeguarded against unplanned cost burdens due to unpredictable prices on the electricity exchange owing to our long-term

contract, which has been in effect since January 1, 2010. This safeguard corresponds to most of our electricity demand and covers all of the German sites.

Burdens resulting from changes in potential cost drivers such as the eco-tax, the Renewable Energies Act, combined heat and power and the emission trade are still difficult to quantify reliably because of the still uncertain legal situation. In this respect, we expect burdens to increase in the medium term but do not see any threatening economic influences.

We have dealt intensively with the issue of disruptions in the electricity supply all the way to a widespread blackout following the shut-down of a majority of German nuclear power plants. Appropriate countermeasures to reduce possible burdens have been created to absorb the significant follow-up costs of a longer blackout, especially in the winter. We expect that these measures will be able to limit the risks of longer blackouts considerably.

## FINANCES AND FINANCING

Metal price and exchange rate fluctuations represent a potential risk in the buying and selling of metals. This risk is substantially reduced with foreign exchange and metal price hedging. Daily balancing of incoming and outgoing metal quantities from underlying transactions considerably reduces the volumes to be hedged. Backlogs are hedged daily. The same occurs by using financial instruments such as spot and forward contracts for exchange rates and metal prices. Risks from surpluses and deficits are eliminated on a daily basis this way. We have only selected first-rate firms as partners for hedging transactions to minimize the credit risk.

We hedge expected receipts from foreign currencies, especially the US dollar, as far as possible with options and forward transactions. We will continue this in the future as well and expect that we can reduce the risks from metal price and

exchange rate fluctuations to a reasonable level with these measures. Economically acceptable exchange rate hedges can only be realized for a limited time, however.

Trade accounts receivable are generally hedged by commercial credit insurances or other hedging instruments, e.g., bank guarantees. Internal risks were only permitted to a very limited extent and after review. The development of the outstanding receivables is monitored weekly. During the reporting period there were no significant bad debts. We do not foresee any threatening trends for future development.

The liquidity supply was secured during the past fiscal year. The credit lines at the banks were also sufficient. Covenants arranged with the financing banks were easily complied with. The improvement in working capital management had a positive effect, among other factors. From today's perspective, we regard the liquidity supply as satisfactory and expect to comply with the covenants in the new fiscal year as well. Risks that could result from the sovereign debt crisis in the euro-zone are monitored by the treasury function.

## ENVIRONMENTAL PROTECTION, LEGAL ISSUES AND ORGANIZATIONAL ASPECTS

There is always a risk that environmental or regulatory provisions could become more stringent, leading to added costs or limitations in product marketing. 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. The environmental standard is an international benchmark, which is confirmed by certifications in accordance with ISO 14001 and EMAS. We consider ourselves to be well positioned for the future in this regard. Nevertheless, incidents that might have an adverse impact on the environment cannot be completely ruled out.

In a plant with complex processes, employees' specialist knowledge is an important factor to ensure performance quality. Different measures are intertwined with each other so that Aurubis can continue to count on employees' know-how. We build connections to qualified young people through our cooperation and contact with universities and foster the development of talented professionals and managers with qualification measures. We counter legal, tax and compliance risks with organizational procedures and clear management structures. We limit risks regarding the availability, reliability

and efficiency of our IT systems with ongoing monitoring and relevant adjustment measures. Occupational safety and health protection have high priority, which is why we focus on continuous training. 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. Routine emergency drills are carried out to train employees. In addition, significant risks are largely covered by insurances.

## Assessment of the Group's risk situation

No substantial risks arose in the reporting year. There were no particular structural changes in the Group's risks. According to our current assessment, there are no risks that endanger the Company's continued existence.

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 and monitoring system fulfills all the requirements.

We are convinced that our risk management system is appropriate for controlling relevant risks.

### INTERNAL CONTROL SYSTEM RELATING TO THE ACCOUNTING PROCESS

Report pursuant to 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. Aurubis has an internal control and risk management system in which structures and processes related to accounting policies are defined and implemented in the organization. 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 analyzed for their relevance for the financial statements, and resultant changes are incorporated in the Group's 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.

# SUBSEQUENT EVENTS

## The internal control system includes the following main principles

- » Ensuring standardized 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 authorization 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

No events have occurred since the balance sheet date.

## Internal Audit as process-independent risk observation

The Internal Audit as a central unit examines the reliability of the accounting practices. 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.

# LEGAL DISCLOSURE REQUIREMENTS

## Management Compensation Disclosure Act

The compensation report and the declaration on corporate governance are part of the management report. The declaration on corporate governance is printed in the last part of

the annual financial statements. Both are available on the Company's website at <http://www.aurubis.com/corporate-governance> and [www.aurubis.com/compensation-report](http://www.aurubis.com/compensation-report).

## Compensation report for the Executive Board and the Supervisory Board of Aurubis AG

### 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 current compensation system has been in effect since the beginning of fiscal year 2009/10. The principle of the compensation provisions is to orient the Executive Board's contracts more strongly to long-term corporate development.

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

The various compensation components are as follows:

The compensation of the Executive Board members is made up of fixed and variable components. The fixed parts consist of fixed compensation, the fringe benefits and pension plans. The fixed compensation amounts to € 480,000 for the Chief Executive Officer and € 336,000 for the ordinary members of the Executive Board and is paid out monthly in equal installments. In his first year as Chief Executive Officer, Mr. Willbrandt received fixed compensation of € 408,000. This will increase to € 480,000 effective January 1, 2013. 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 system for variable compensation consists of two components, which are paid out each year. The first component (Component 1) is dependent on achieving an annual target related to an adjusted average consolidated EBT (earnings before taxes) of three years, in each case related to the current and the two prior fiscal years before the respective fiscal year. The target is an EBT derived from a ROCE of 15%. The target bonus of Component 1 amounts to about 60% of the variable compensation in relation to Component II and can reach a cap of 100%. If the EBT is less than 40% of the target, Component 1 will not be paid. The maximum amount that can be reached from these components is € 600,000 for the Chief Executive Officer and € 400,000 for ordinary members of the Executive Board.

In his first year as Chief Executive Officer, Mr. Willbrandt received variable compensation of € 490,000.

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 %. At least 50 % of the target bonus is always paid out unless 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 his first year as Chief Executive Officer, Mr. Willbrandt received compensation of € 332,500 from this component.

In addition to this, the Executive Board members received compensation from the Company's incentive plan, which is coming to an end, for the last time during the past fiscal year.

This plan had two components:

It was oriented firstly to the performance of Aurubis shares and was triggered when the Aurubis share price had risen by a previously determined percentage during the reference period (usually three years) (Part A, hurdle component). Secondly, the incentive plan was 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 was conditional on their continued ownership of a certain number of Aurubis shares. One acquired share was entitled to five options in each case from Part A and Part B of the plan. The profit per option was limited to the Aurubis share price at the beginning of the term.

The hurdle component (Part A) took into account the performance of Aurubis shares during the reference period (usually three years) and was only triggered once the price had 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 was paid out.

The performance component (Part B) took into account the performance of Aurubis shares in relation to the performance of the CDAX and was only triggered if Aurubis shares outperformed 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 (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 and, starting December 2012, € 80,000 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, Executive Board members (with the exception of Dr. Boel) will under certain conditions receive an early retirement pension. 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 (Mr. Faust and Mr. Willbrandt) or has completed either 25 or 15 years of service and is at least 50 years old (Dr. Landau). The provision came into effect for Dr. Drouven starting January 1, 2012. Dr. Drouven receives 2/3 of his average salary of the last 12 months as compensation for the non-competition clause in place until the end of 2012.

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 Mr. Faust, Mr. Willbrandt and Dr. Landau and the defined contribution pension plan for Dr. Boel, all the members of the Executive Board, with the exception of Dr. Landau, have an additional defined contribution company pension plan. This pension plan is based on a lump sum single payment. At the end of each fiscal year, € 120,000 for the Chief Executive Officer and € 80,000 for the other three Executive Board members is paid into liability insurances. A total of € 98,750 was paid in for Mr. Willbrandt in his first year as Chief Executive Officer.

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.

The total compensation paid to active members of the Executive Board for activities in fiscal year 2011/12 amounted to € 5,831,921. In addition, expenditure for pension funds in the amount of € 1,164,058 was recognized as an expense.

in €	Fixed salary	Variable compensation	Fringe benefits	Compensation from incentive plan	Total	Expenditure for pension funds
Peter Willbrandt	408,000	822,500	23,809	196,910	1,451,219	193,613
Dr. Bernd Drouven *	120,000	250,000	7,580	351,625	729,205	441,976
Dr. Stefan Boel	336,000	680,000	10,701	190,155	1,216,856	130,000
Erwin Faust	336,000	680,000	16,178	156,380	1,188,558	213,629
Dr. Michael Landau	336,000	680,000	33,173	196,910	1,246,083	184,840
<b>TOTAL</b>	<b>1,536,000</b>	<b>3,112,500</b>	<b>91,441</b>	<b>1,091,980</b>	<b>5,831,921</b>	<b>1,164,058</b>

Former members of the Executive Board and their surviving dependents received a total of € 1,671,312, while € 18,402,655 has been provided for their pension entitlement.

## COMPENSATION FOR THE SUPERVISORY BOARD

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

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

Supervisory Board members who chair a Supervisory Board committee receive an additional € 10,000 per fiscal year per chairmanship, not however exceeding € 20,000 per fiscal year.

In addition to the fixed fee, every member of the Supervisory Board receives an annual bonus linked to the Company's long-term performance of € 250 for every € 1,000,000 of the Company's adjusted earnings before taxes (EBT) in excess of an adjusted EBT of € 50,000,000 per annum on average over the last three fiscal years. The adjusted EBT is the EBT in accordance with IFRS before revaluation of LIFO inventories using the average cost method and without taking into account the effects of copper price fluctuations in the valuation of inventories of the former Cumerio companies. It has averaged € 261 million in the last three fiscal years. The Chairman receives twice and his deputy 1.5 times this amount.

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

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 2011/12:

Name in €	Fixed compensation	Variable compensation	Compensation for committee membership	Attendance fees	Total
Fuhrmann, Prof. Dr.-Ing. Heinz Jörg	80,000	80,000	20,000	6,000	186,000
Grundmann, Hans-Jürgen	60,000	60,000	10,000	5,000	135,000
Eulen, Jan	40,000	40,000	5,000	4,500	89,500
von Foerster, Dr. Peter	40,000	40,000	10,000	3,500	93,500
Grohe, Rainer	40,000	40,000	5,000	3,000	88,000
Hold, Renate	40,000	40,000	10,000	3,500	93,500
Leese, Prof. Dr. Wolfgang	40,000	40,000	5,000	3,000	88,000
Schultek, Dr. Thomas	40,000	40,000	5,000	3,500	88,500
Schwartz, Rolf	40,000	40,000	0	2,500	82,500
Vahrenholt, Prof. Dr. Fritz	40,000	40,000	5,000	3,000	88,000
Wirtz, Helmut	40,000	40,000	0	2,500	82,500
Wortberg, Dr.-Ing. Ernst J.	40,000	40,000	20,000	5,000	105,000
<b>TOTAL</b>	<b>540,000</b>	<b>540,000</b>	<b>95,000</b>	<b>45,000</b>	<b>1,220,000</b>

On this basis, the Supervisory Board members received a total of € 1,220,000.

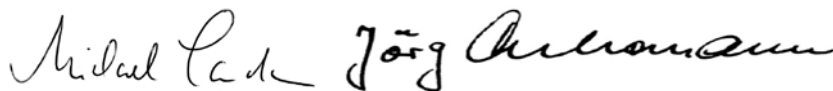
Hamburg, December 12, 2012

The Executive Board



Peter Willbrandt  
Chairman

The Supervisory Board



Dr Michael Landau  
Member of the Board

Prof. Dr.-Ing. Heinz Jörg Fuhrmann  
Chairman

# DISCLOSURES OF TAKEOVER PROVISIONS

Explanatory report by the Executive Board of Aurubis AG, Hamburg, in accordance with Section 176 paragraph 1 sentence 1 German Companies Act (AktG) on disclosures of takeover provisions pursuant to Section 315 paragraph 4 German Commercial Code (HGB) as at the balance sheet date of September 30, 2012

The following disclosures as at September 30, 2012 are presented in accordance with Section 315 paragraph 4 German Commercial Code (HGB).

## COMPOSITION OF THE SUBSCRIBED CAPITAL

The subscribed capital (share capital) of Aurubis AG amounted to € 115,089,210.88 as at the balance sheet date and was divided into 44,956,723 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. There are no different classes of shares.

## 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 August 29, 2011 that its voting interest in Aurubis AG had exceeded the threshold of 25 % of the voting rights on August 29, 2011 and amounted to 25.002 % of the voting rights (representing 11,240,000 votes). Of this total, 25.002 % of the voting rights (representing 11,240,000 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 August 29, 2011, Salzgitter Mannesmann GmbH, Salzgitter, has held 25.002 % of the voting rights (representing 11,240,000 votes) since August 29, 2011.

## 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 authorized to resolve amendments to the Articles of Association that only relate to their wording. Furthermore, the Supervisory Board is empowered to adjust Section 4 of the Articles of Association after the complete or partial execution of the subscribed capital increase in accordance with the respective claim to the authorized capital and after the authorization expires. It is also

empowered to adjust the wording of Section 4 paragraphs 1 and 3 of the Articles of Association in accordance with the respective issuing of new 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 authorization resolved at the Annual General Meeting on March 1, 2012 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 same applies if the authorization to issue bonds with warrants or convertible bonds is not used after the authorization period expires or if the conditional capital is not used after the deadlines for exercising option or conversion rights or for fulfilling conversion or option obligations have expired.

#### **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 March 2, 2016 by issuing up to 22,478,361 new no-par-value shares in exchange for a cash contribution and/or a contribution in kind once or in several installments by up to € 57,544,604.16. The shareholders shall always be granted a subscription right. The new shares can also be acquired by one or more credit institutions with the obligation of offering them to shareholders for subscription. The Executive Board is, however, authorized, 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 totaling € 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 totaling € 11,508,920.32 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 authorizations 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. An inclusion that has been carried out is cancelled if powers to issue convertible bonds and/or bonds with warrants in accordance with Section 221 paragraph 4 sentence 2 and Section 186 paragraph 3 sentence 4 German Companies Act or to sell own shares in accordance with Section 71 paragraph 1 No. 8 and Section 186 paragraph 3 sentence 4 German Companies Act are granted again at the Annual General Meeting after exercising such powers that have led to inclusion,
- 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.

In the resolution dated February 11, 2011 the Executive Board of Aurubis AG declared in the scope of a voluntary commitment that it would not make use of the authorizations to exclude shareholders' subscription rights during the duration of the authorization provided in Section 4 paragraph 2 of the Articles of Association insofar as this would lead to the issuing of Aurubis AG shares under the exclusion of subscription rights whose notional value exceeds a total of 20 % of the subscribed capital at the time of the Annual General Meeting's resolution, or, if this amount is lower, of the subscribed capital existing at the time the authorization is first used.

This voluntary commitment was made accessible on Aurubis AG's website in the Investor Relations section for the duration of the authorization.

### **POWER OF THE EXECUTIVE BOARD TO REPURCHASE SHARES**

With a resolution of the Annual General Meeting on March 1, 2012, the Company was empowered until August 31, 2013 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 authorization 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. This power shall however only apply on condition that the shares sold excluding the subscription right may not, in accordance with Section 186 paragraph 3 sentence 4 German Companies Act, exceed 10% of the subscribed capital, either at the time this becomes effective or at the time of exercise of this power (the "upper limit"), in each case taking into account the possible use of other authorizations to exclude the subscription right in accordance with or in the corresponding application of Section 186 paragraph 3 sentence 4 German Companies Act. An inclusion that has been carried out is cancelled if powers to issue new shares from authorized capital in

accordance with Section 186 paragraph 3 sentence 4 German Companies Act or to issue convertible bonds and/or bonds with warrants in commensurate application of Section 186 paragraph 3 sentence 4 German Companies Act are granted again at the Annual General Meeting after exercising such powers that have led to inclusion.

- 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 fulfill 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 are in each case excluded.
- c) Own shares acquired can be withdrawn entirely or in part without a further resolution of the Annual General Meeting. They can also be withdrawn applying simplified proceedings without a reduction in capital by adjusting the proportionate notional share of the remaining no-par-value shares in the subscribed capital of the Company.

The complete text of the resolution dated March 1, 2012 has been included under agenda item 6 in the invitation to the Annual General Meeting 2012 published in the German Federal Gazette on January 19, 2012.

### **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 authorization resolved at the Annual General Meeting on March 3, 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 fulfill their obligation to convert and that the Company's own shares or new shares from the utilization of authorized 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 fulfillment of conversion obligations. The Executive Board is authorized to define the further details of how the conditional capital increase shall be performed.

The complete text of the resolution dated March 1, 2012 has been included under agenda item 8 in the invitation to the Annual General Meeting 2012 published in the German Federal Gazette on January 19, 2012.

### **SIGNIFICANT CONDITIONAL AGREEMENTS CONCLUDED BY THE COMPANY**

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 from the agreement with a banking syndicate ("the Syndicated Loan") on a credit line totaling € 350 million, which primarily serves to finance the working capital of the Group, shall be entitled to cancel his participation in the Syndicated Loan and to demand immediate repayment of the amounts owed to him.

Within the scope of various bonds totaling € 450 million, every lender has an extraordinary right of cancellation if control over the borrower changes.

# FORECAST REPORT

## Beginning of the fiscal year and further course

The new fiscal year started in an environment that continued to be affected by economic uncertainties and volatile markets.

In the past few years, which have been influenced by the global financial and economic crisis and the European debt crisis, it has been apparent that Aurubis has a good, robust position in the business due to its orientation as an integrated copper producer and processor.

With our integrated business model and international activities, we have a great deal of flexibility and are able to balance out weaknesses in individual market segments with good developments in other segments. In an environment shaped by economic insecurity, we are also well equipped for the challenges of the new fiscal year owing to our solid financial strength.

We will continue our growth trajectory and implement strategic measures to strengthen our market position as well as operating measures to increase efficiency. We want to continue

increasing our competitive edge by continuously developing our technological expertise in the existing production processes, improving the efficiency and effectiveness of production flows, introducing innovations and expanding services for our customers.

Furthermore, we are striving to make our activities even more international. We especially see growth potential in regions with a high occurrence of primary raw materials and growing secondary raw material streams as well as regions with increasing demand for copper and copper products. We will also review additional consolidation opportunities in our markets.

Sustainable corporate development is important to us. We take our responsibility towards the environment, employees, society and shareholders seriously. We will therefore continue the activities we have started in the development and implementation of a sustainability strategy.

## Expected development in basic conditions

### GLOBAL ECONOMY PREPARING FOR SUBDUED RECOVERY – RISKS CONTINUE

Although political leaders were elected in North America and China, the two main copper markets, macroeconomic uncertainties remain. The markets still lack reliable conditions. However, there have been positive trends. Overall, the International Monetary Fund's October 2012 outlook expects the global economy to grow by 3.6% in 2013. There is once again a clear gap between advanced economies and developing or emerging countries. While 1.5% growth is predicted for the first group, the forecast for the second group is 5.6%.

The demand trend in China is especially significant for the global copper market since the country accounts for about 40% of global demand for refined copper. The general assumption is that the change in political leadership will have a positive effect on the Chinese economy. Measures that have already been taken, such as the economic program with new infrastructure projects amounting to around one billion yuan (over € 120 billion) that was announced in September, will take effect as well. Investments will be made to expand the railway network, which should provide momentum for copper demand.

The US showed the first signs of economic recovery in 2012, supported by a slight improvement in the employment situation and higher consumer spending. The US Central Bank predicted 3% economic growth for 2013 in September, while the IMF forecast a 2.1% increase. In order to achieve this level, however, important hurdles have to be overcome. Together with tax increases, the upcoming drastic budget cuts in particular could dampen economic recovery in the US.

In the eurozone, which is also important for general copper demand but especially for our copper product sales, the outlook was clouded by the economic figures for the third quarter of 2012. Since the economic performance declined by 0.1% from July to September and the previous quarter was down by 0.2%, the region was in a recession by definition. Nevertheless, the IMF still assumes in its forecast that the economic performance will increase by 0.2% in 2013.

The circumstances in France and especially in Germany are better than the overall situation. The German economy in particular is predicted to grow 1% in 2013 and the government believes it will be stable and robust.

### **GLOBAL COPPER MARKET LIKELY TO HAVE HIGH PRICE LEVEL IN 2013 AS WELL**

Apart from ongoing macroeconomic risks, the global copper market will likely be in good shape again in 2013. Many analysts agree with this prediction. According to a Reuters survey of 27 participants, forecasts for 2013 result in an average copper price of almost US\$ 8,300/t. This assumption is supported first and foremost by a smelter output that some view as insufficient and good copper demand, which will primarily gain momentum from China.

The mine output of copper will likely increase considerably due to the start-up of new projects in 2013 and 2014. An increase is also expected in the next step of the value-added chain at copper smelters. Capacities will be built up almost exclusively in Africa and China, however, and the risks from the

surrounding environment there are high. In addition, capacity utilization will probably still be low. Longer standstills are planned at some smelters in 2013 and incidents like technical disruptions, strikes and energy supply difficulties cannot be ruled out.

On the demand side, the implementation of large-scale investment programs in China will probably compensate for a weaker trend in Europe and the US. The good copper demand in other emerging markets may contribute to this as well.

The copper volumes stored in the metal exchange warehouses and in bonded warehouses are distributed unevenly across regions. Most are stored in Asia. There are hardly any quantities at European LME warehouse sites. Storage along the value-added chain is also fairly low due to the high copper price. It should also be taken into account that a large proportion of the stored copper volumes is bound to financial transactions and is not directly available for physical use. This could lead to regional bottlenecks if demand recovers.

From today's perspective, we predict that production and demand of refined copper will be fairly balanced on the world market in 2013 overall. This should form a stable basis for the copper price. Volatility should still be expected, however. In light of the persistent risks in the macroeconomic environment, extraordinary events are also possible.

Foreign exchange markets are also subject to macroeconomic influences to a great extent. As a result, a reliable forecast on the US\$ and euro development cannot be given. Nevertheless, we have already largely hedged our currency risks.

## Expected business performance

### PRIMARY COPPER PRODUCTION

Copper concentrates are the most important raw material for copper production in the primary copper production sector. We expect a better supply on the international concentrate market in the new fiscal year. The production losses on the market during the reporting year due to strikes and technical issues will not be as much of a problem. Moreover, additional volumes will be available owing to new mine projects and expansions. At the same time, a number of smelters will undergo maintenance standstills, which will reduce concentrate demand. A general increase in the global treatment charge level is therefore expected overall.

For markets of other raw materials like blister copper and copper scrap, we expect a volatile market trend that will be closely connected to future copper price tendencies. The same is true for precious metal-bearing raw materials, whose supply is influenced by the price level for gold and silver, among other factors.

We continue to anticipate good demand in the international market for sulfuric acid. However, economic changes could affect the fertilizer and chemical sector, thus affecting demand. On the supply side, the standstills expected at copper smelters will reduce the sulfuric acid supply.

We expect good capacity utilization of our production plants for fiscal year 2012/13 on the whole. Nevertheless, we are planning a standstill for our smelter in Hamburg in September/October 2013, during which important primary copper production equipment will be replaced or subject to repairs or inspection. The focus of the replacement measures is the flash smelter, the main primary copper production unit that has been in operation for more than 20 years.

We will also intensively continue developing cost reduction potential to improve our situation in international competition during fiscal year 2012/13.

### SECONDARY COPPER PRODUCTION

In secondary copper production we successfully expanded processing options for complex recycling materials by implementing the KRS-Plus project. This increases our expertise in the efficient and environmentally sound processing of various secondary raw materials and strengthens this business sector's competitive position. With a deeply structured procurement organization, we are broadly established in the international supply markets and therefore have good access to the raw materials we use. This enables us to act flexibly and utilize opportunities even when conditions change.

The weaker global economic situation in fiscal year 2011/12 caused declining willingness to purchase copper scrap in some countries, including China. Consequently, the global supply exceeded demand in some cases, which provided us with good supply options. The copper price level is also decisive. We expect the good situation to continue in 2013 – specifically, that the copper scrap supply will stay at a relatively high level supported by a good copper price.

Looking at past experience, the possibility of temporarily volatile copper prices has to be assumed owing to general economic factors and trends on the raw material markets. Nevertheless, we expect a good copper scrap supply and good utilization of our smelting capacities.

We increased our technical input options and processing capacities for complex recycling materials. The availability of these raw materials is comparatively robust, not only because they often result from industry but because they will gain increasing support in the future due to the trend towards more and more complex products on the raw material side. As a result, we will be able to take even better advantage of the supply of these raw materials overall and therefore expect full utilization of smelting capacities for these materials as well as a growing processing quantity. We also view the conditions for procuring precious metal-bearing materials as good.



With the start-up of a new anode slime processing plant at the end of the fiscal year, all of the Group's anode slimes will be leached and processed metallurgically in Hamburg in the future, which will positively influence earning power.

### **COPPER PROCESSING**

Despite the current economic trend, Europe is still an important sales market for high-quality copper products. This is due to the export strength of individual countries but also to the urgently needed renovation and expansion of the electricity grid after the energy turnaround in Germany.

For copper products, we expect demand for rod to stagnate at the level of the last few months at first, but this is influenced by seasonal factors. We expect demand for AURUBIS ROD to increase again slowly at the beginning of 2013, driven primar-

ily by growing demand in the energy cable sector. The enameled wire sector will likely develop robustly again after it has bottomed out.

The effects we expect from the market trend will be accompanied by measures to increase Aurubis' share of European rod demand coverage. As an integrated premium rod producer, Aurubis is positioned closely to its customers and is highly competitive.

AURUBIS SHAPES business will be developed further with a focus on a reliable supply of high-quality shapes at competitive conditions. In addition, another expansion of the production program in close cooperation with our customers will create the conditions for a positive business trend.

## Expected results of operations

Aurubis AG will lack a stable, reliable environment in the next two years: there are still risks from the global economic situation, though positive tendencies are foreseeable in individual regions. Momentum for growth stimulation will likely come from China in particular. The economic situation could recover in the US as well if the upcoming problems with spending cuts and tax increases are solved. The economy in the eurozone will still be influenced by the debt crisis, however.

In light of this situation, a forecast of the expected results of operations is very difficult since there is no basis for a prediction. The business trend in BU Copper Products in particular is impacted by economic uncertainties. There are no clear trends in the significant customer industries, and they tend to plan at short notice. Expectations for the situation in Germany are still more positive than for southern European countries. We expect product sales to be at least slightly up on the prior-year level.

On the raw material markets, we expect a satisfactory supply of copper concentrates and recycling raw materials, which pave the way for good TC/RCs and full capacity utilization. Copper prices, which are expected to be high, will have a positive effect, as will the expansion of mine production and

lower concentrate demand due to scheduled maintenance standstills at smelters. Nevertheless, there are uncertainties about the mines' production performance, as they have been affected by serious disruptions in the past few years in some cases. From today's perspective, the good recent trend in the BUs Primary Copper and Recycling/Precious Metals will likely continue at first. This assumption includes the expectation of an ongoing satisfactory sales situation for sulfuric acid.

With respect to the cost trend, we do not expect to exceed our budget. One exception is unpredictable influences from changes in legal conditions, e.g., in the energy market and environmental protection.

Overall, we therefore expect a stable earnings trend for the Aurubis Group based on the current business situation, which could nonetheless be affected by economic and regulatory influences in some areas.

If there are no significant changes in the Group's environment, we expect the Company to have satisfactory results of operations in the new fiscal year.

## Expected financial position

The good annual result led to a net cash flow of € 122 million at Aurubis AG in the past fiscal year. The Company's liquidity rose considerably from € 444 million to € 603 million. Net borrowings increased slightly to € 542 million (€ 520 million in the previous year).

Aurubis AG has unused credit lines in addition to cash and cash equivalents, which together ensure sufficient liquidity that is not at risk from today's perspective. We do not expect any significant negative impacts on the financial position from operating business for the new fiscal year.

Investing activities are expected to be above the prior-year level during the new fiscal year. Significant projects at Aurubis AG in the new year include the large-scale repair standstill in the primary smelter and the completion of the anode slime processing expansion at the Hamburg site.

## Overall conclusion on the expected development of Aurubis AG

In fiscal year 2011/12, Aurubis held its ground in a difficult environment that was largely influenced by economic uncertainties. In light of these conditions, Aurubis AG attained a very satisfactory result. The good position in our markets and the integrated company model contributed to this in particular.

Based on a solid financial foundation, these factors will support us in achieving success in a difficult market environment in the coming years as well. Measures have been carried out and planned to improve efficiency as well.

With respect to the trend on the global copper market, we expect that the fundamental conditions will lead to high copper prices in 2013, though there may be price fluctuations again. While we anticipate a good trend for Aurubis on the raw material markets, there are still risks in copper product sales, which are dependent on economic factors. Sulfuric acid sales, which are also important for the Company's results of operation, should continue at a good price level. However, negative influences from economic developments are possible in this area as well.

In our position on the raw material markets, we will continue to rely first and foremost on complex raw material processing in the next few years, both for copper concentrates and recycling materials. We are well positioned in this area and expect a good market supply. The supply of less complex raw material qualities should also be satisfactory in 2013.

We will intensively continue our strategic process and utilize all opportunities to build our strengths.

Aurubis therefore has good conditions for maintaining its position, even in the difficult environment that will likely accompany corporate development in the next few years. Risks which cannot be controlled or are hard to control, such as those arising from regulatory issues in the energy sector or environmental protection, could nonetheless lead to negative implications for earnings.

# AURUBIS AG FINANCIAL STATEMENTS

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# INCOME STATEMENT

for the period October 1, 2011 to September 30, 2012

in € thousand	Note	2011/12	2010/11
<b>Revenues</b>	11	<b>8,777,645</b>	<b>9,063,213</b>
Changes in inventories of finished goods and work in process		85,115	21,010
Own work capitalized		6,259	8,261
		<b>8,869,019</b>	<b>9,092,484</b>
Other operating income	12	56,905	35,779
Cost of materials	13		
a) Cost of raw materials, supplies and merchandise		8,151,138	8,413,763
b) Cost of purchased services		183,194	161,803
		<b>8,334,332</b>	<b>8,575,566</b>
<b>Gross profit</b>		<b>591,592</b>	<b>552,697</b>
Personnel expenses	14		
a) Wages and salaries		170,582	162,502
b) Social security, pension and other benefit expenses - of which for pensions: € 10,797 thousand (€ 8,075 thousand in the prior year)		41,900	37,081
		<b>212,482</b>	<b>199,583</b>
Depreciation and amortization	15	32,786	28,313
Other operating expenses	16	132,414	97,443
<b>Operating result (EBIT)</b>		<b>213,910</b>	<b>227,358</b>
Income from investments - of which from affiliated companies: € 44,262 thousand (€ 45,228 thousand in the prior year)	17	44,263	45,228
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	504	269
Other interest and similar income - of which from affiliated companies: € 2,326 thousand (€ 5,627 thousand in the prior year)	18	6,718	11,191
Write-downs on investments	19	500	25,158
Write-downs on fixed asset securities	19	19,768	10,805
Interest and similar expenses - of which from affiliated companies: € 19,879 thousand (€ 19,464 thousand in the prior year)	18	55,343	51,277
<b>Earnings before taxes</b>		<b>189,784</b>	<b>196,806</b>
Extraordinary income	20	0	-12,158
Income taxes	21	67,441	55,733
Other taxes		761	758
<b>Net income for the year</b>		<b>121,582</b>	<b>128,157</b>
Profit brought forward from the prior year		51,094	39,885
Allocation to other revenue reserves		60,000	63,000
<b>UNAPPROPRIATED EARNINGS</b>		<b>112,676</b>	<b>105,042</b>

# BALANCE SHEET

 as at September 30, 2012

## ASSETS

in € thousand	Note	9/30/2012	9/30/2011
Licenses, industrial property rights and similar rights and assets, and licenses for such rights and assets		63,750	64,423
Goodwill		2,869	3,347
Payments on account		1,340	94
<b>Intangible assets</b>		<b>67,959</b>	<b>67,864</b>
Land and buildings		103,705	98,848
Technical equipment and machines		144,922	141,662
Other equipment, factory and office equipment		11,317	9,433
Payments on account and assets under construction		82,548	53,784
<b>Property, plant and equipment</b>		<b>342,492</b>	<b>303,727</b>
Interests in affiliated companies		1,353,901	1,351,344
Investments		715	515
Fixed asset securities		35,295	43,602
Other loans		95	115
<b>Financial fixed assets</b>		<b>1,390,006</b>	<b>1,395,576</b>
<b>FIXED ASSETS</b>	1	<b>1,800,457</b>	<b>1,767,167</b>
Raw materials and supplies		200,060	228,157
Work in process		302,057	269,432
Finished goods, merchandise		110,482	60,084
Payments on account on inventories		344	280
<b>Inventories</b>	2	<b>612,943</b>	<b>557,953</b>
Trade accounts receivable		198,347	149,939
Receivables from affiliated companies - of which receivables with a maturity of more than 1 year € 0 thousand (€ 6,574 thousand in the prior year)		121,691	151,944
Receivables from enterprises in which investments are held		6,790	4,325
Other assets - of which receivables with a maturity of more than 1 year € 39 thousand (€ 330 thousand in the prior year)		48,437	57,667
<b>Receivables and other assets</b>	3	<b>375,265</b>	<b>363,875</b>
<b>Short-term security investments</b>	4	<b>0</b>	<b>51</b>
<b>Cash and cash equivalents</b>	5	<b>602,866</b>	<b>443,791</b>
<b>CURRENT ASSETS</b>		<b>1,591,074</b>	<b>1,365,670</b>
<b>PREPAID EXPENSES</b>		<b>47</b>	<b>54</b>
<b>TOTAL ASSETS</b>		<b>3,391,578</b>	<b>3,132,891</b>

## EQUITY AND LIABILITIES

in € thousand	Note	9/30/2012	9/30/2011
<b>Subscribed capital</b>		<b>115,089</b>	<b>115,089</b>
- Conditional capital € 52,313 thousand			
<b>Additional paid-in capital</b>		<b>349,086</b>	<b>349,086</b>
<b>Revenue reserves</b>			
Legal reserve		6,391	6,391
Other revenue reserves		546,194	486,194
<b>Unappropriated earnings</b>		<b>112,676</b>	<b>105,042</b>
<b>EQUITY</b>	6	<b>1,129,436</b>	<b>1,061,802</b>
Provisions for pensions		55,694	54,886
Provisions for taxes		1,512	0
Other provisions		160,106	172,719
<b>PROVISIONS</b>	7	<b>217,312</b>	<b>227,605</b>
Bank loans and overdrafts			
- of which with a maturity of up to 1 year € 24,804 thousand (€ 24,859 thousand in the prior year)		532,304	548,609
Advance payments received on orders			
- of which with a maturity of up to 1 year € 3,717 thousand (€ 5,943 in the prior year)		3,717	5,943
Trade accounts payable			
- of which with a maturity of up to 1 year € 652,313 thousand (€ 634,129 thousand in the prior year)		652,313	634,128
Payables to affiliated companies			
- of which with a maturity of up to 1 year € 378,681 thousand (€ 168,946 thousand in the prior year)		754,481	544,746
Payables to enterprises in which investments are held			
- of which with a maturity of up to 1 year € 1,137 thousand (€ 2,492 thousand in the prior year)		1,137	2,492
Other liabilities			
- of which taxes € 75,079 thousand (€ 86,826 thousand in the prior year)			
- of which social security contributions € 16,564 thousand (€ 14,769 thousand in the prior year)			
- of which with a maturity of up to 1 year € 100,876 thousand (€ 107,563 thousand)		100,876	107,563
<b>LIABILITIES</b>	8	<b>2,044,828</b>	<b>1,843,481</b>
<b>DEFERRED INCOME</b>		<b>2</b>	<b>3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,391,578</b>	<b>3,132,891</b>

# CHANGES IN FIXED ASSETS

as at September 30, 2012

	Acquisition or construction cost 10/1/2011	Additions	Disposals	Transfers
in € thousand				
Licenses, industrial property rights and similar rights and assets, and licenses for such rights and assets	85,539	1,214	2,195	21
Goodwill	7,172	0	0	0
Payments on account	94	1,267	0	-21
<b>Intangible assets</b>	<b>92,805</b>	<b>2,481</b>	<b>2,195</b>	<b>0</b>
Land and buildings	359,443	5,213	1,458	6,478
Technical equipment and machinery	803,847	9,026	7,997	15,153
Other equipment, factory and office equipment	51,942	4,020	2,746	827
Payments on account and assets under construction	53,784	51,222	0	-22,458
<b>Property, plant and equipment</b>	<b>1,269,016</b>	<b>69,481</b>	<b>12,201</b>	<b>0</b>
Interests in affiliated companies	1,488,172	2,557	0	0
Investments	5,659	700	5,158	0
Fixed asset securities	54,995	11,461	0	0
Other loans	115	0	20	0
<b>Financial fixed assets</b>	<b>1,548,941</b>	<b>14,718</b>	<b>5,178</b>	<b>0</b>
<b>FIXED ASSETS</b>	<b>2,910,762</b>	<b>86,680</b>	<b>19,574</b>	<b>0</b>



Acquisition or construction cost 9/30/2012	Depreciation, amortization and write-downs 10/1/2011	Depreciation, amortization and write-downs in the current fiscal year	Disposals	Depreciation, amortization and write-downs 9/30/2012	Carrying amount 9/30/2012	Carrying amount 9/30/2011
84,579	21,117	1,898	2,186	20,829	63,750	64,423
7,172	3,825	478	0	4,303	2,869	3,347
1,340	0	0	0	0	1,340	94
<b>93,091</b>	<b>24,942</b>	<b>2,376</b>	<b>2,186</b>	<b>25,132</b>	<b>67,959</b>	<b>67,864</b>
369,676	260,596	6,830	1,455	265,971	103,705	98,848
820,029	662,185	20,648	7,726	675,107	144,922	141,662
54,043	42,508	2,932	2,714	42,726	11,317	9,433
82,548	0	0	0	0	82,548	53,784
<b>1,326,296</b>	<b>965,289</b>	<b>30,410</b>	<b>11,895</b>	<b>983,804</b>	<b>342,492</b>	<b>303,727</b>
1,490,729	136,828	0	0	136,828	1,353,901	1,351,344
1,201	5,144	500	5,158	486	715	515
66,456	11,393	19,768	0	31,161	35,295	43,602
95	0	0	0	0	95	115
<b>1,558,481</b>	<b>153,365</b>	<b>20,268</b>	<b>5,158</b>	<b>168,475</b>	<b>1,390,006</b>	<b>1,395,576</b>
<b>2,977,868</b>	<b>1,143,596</b>	<b>53,054</b>	<b>19,239</b>	<b>1,177,411</b>	<b>1,800,457</b>	<b>1,767,167</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of presentation

Aurubis AG manages the Aurubis Group as the ultimate group holding company. It is a large limited liability company as defined by Section 267 German Commercial Code (HGB). The financial statements and management report and consolidated financial statements and group management report of Aurubis AG for fiscal year 2011/12 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](http://www.bundesanzeiger.de).

The financial statements of Aurubis AG have been prepared in accordance with the accounting requirements of the HGB in the version found in the German Accounting Law Modernization Act (BilMoG) passed on May 25, 2009.

The income statement has been prepared in accordance with the type of expenditure format.

### ACCOUNTING POLICIES

#### Fixed assets

Intangible assets are recognized at acquisition or production cost and amortized systematically pro rata temporis. The production costs include the directly allocable costs and a share of the overheads.

Property, plant and equipment are valued at acquisition or construction cost. The construction cost of self-constructed assets includes the directly allocable costs and a share of the overheads. Moveable fixed assets are generally depreciated straight-line over the normal useful life for the Company. Low-value moveable items costing individually up to € 150 acquired since January 1, 2008 are fully depreciated in the year of acquisition. An omnibus item has been set up for low-value items with acquisition or construction costs between € 150 and € 1,000, whereby the amount can be regarded as insignificant. This item is being depreciated over 5 years as a charge against income. Impairment losses are recorded if the item should be recognized at a lower value.

Financial fixed assets are stated at cost or their lower fair value. Rights under pension liability insurance policies for Executive Board members are netted with the provisions for pension entitlement.

#### 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. In the IFRS consolidated financial statements, the technical base inventory, which is permanently linked to the assets and is necessary for the operations, is reported in the fixed assets following a notification from the Federal Financial Supervisory Authority. Aurubis appointed an external, independent expert to calculate the technical base inventory. Neither the notification from the Federal Financial Supervisory Authority nor this expert opinion provide grounds for a change in the method of recording this item, so that the technical base inventory continues to be reported in the statutory financial statements in current assets as in prior years and is still valued as inventories in the metals sector. This fulfills the principles of consistency of the reporting and valuation (Section 265 paragraph 1 sentence 1 HGB and Section 252 paragraph 1 No. 6 HGB). Individual slow-moving write-downs are recorded for storeroom materials to the extent necessary. Goods in transit are valued at current market value. The principle of loss-free valuation is applied.

Emission allowances allocated free of charge are recognized with a pro memoria amount. All of the emission allowances allocated free of charge were used in the past fiscal year. The fair value of the emission allowances that were not yet used amounted in the previous fiscal year to € 17 thousand.

Receivables and other assets are recognized at cost. Risks in the receivables are reflected by adequate allowances. Receivables in foreign currencies are valued at the mean rate of exchange as at the balance sheet date. Compliance with the principle of lower of cost or market is ensured for non-current foreign currency receivables by comparing the acquisition costs and the valuation rate.

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 mean rate of exchange as at the balance sheet date.

### Provisions

The pension obligations from expectancies, current pensions and termination agreements for Aurubis AG are calculated in accordance with the projected unit credit method at the present value of the settlement amount based on interest rate of 5.08%. The interest rate represents the average market interest rate for the past seven years with a residual term of 15 years published by the German Federal Bank. The expected future increases in pension and compensation of 1.8% and 3.0% respectively were also taken into account.

Pension and welfare funds include the allocations permitted by the German tax regulations. Provisions have been set up to cover the unfunded portion of these funds. The calculation parameters for the remaining pension provisions were used for this. To calculate the provision, the securities held in the funds' assets are recognized at current market value and leased property is valued applying the capitalized earnings procedure.

The remaining provisions cover all foreseeable risks and uncertain obligations, including pending transactions; they are recognized in the balance sheet with their settlement amount pursuant to Section 253 paragraph 1 sentence 2 clause 2 HGB. Provisions with a residual term of more than one year are discounted pursuant to Section 253 paragraph 2 sentence 1 HGB in conjunction with Section 253 paragraph 2 sentences 4 and 5 HGB applying the average interest rate for the past seven fiscal years published by the German Federal Bank.

### Liabilities

All liabilities are stated at their settlement amounts. Liabilities in foreign currencies are translated at the mean rate of exchange as of the balance sheet date. Compliance with the principle of higher of cost or market is ensured for non-current foreign currency liabilities by comparing the acquisition costs and the valuation rate.

### Deferred taxes

Deferred taxes are computed for temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income for statutory accounting and tax purposes, provided these differences will reverse over time. In addition to the temporary differences, tax loss carryforwards are also taken into consideration if the losses are expected to be used in the next five years.

If there is a net excess of deferred tax assets, the option to recognize them provided by Section 274 paragraph 1 sentence 2 HGB is not applied and no deferred tax assets are shown.

Deferred taxes are computed based on an income tax rate of 32.42% (15.83% for corporate income tax including the solidarity surcharge and 16.59% for trade tax).

The gross differences pursuant to Section 274 paragraph 1 sentence 2 HGB for the calculation of deferred taxes result from property, plant and equipment, financial fixed assets, receivables and other assets, provisions and liabilities.

## 2. Notes to the balance sheet and income statement

### (1) FIXED ASSETS

In addition to utilization rights acquired for a consideration, intangible assets include goodwill resulting from the amalgamation with Hüttenwerke Kayser AG. Intangible assets are amortized systematically. The goodwill is amortized straight line over its expected useful life.

Capital expenditure on intangible assets and property, plant and equipment totaled € 72.0 million. The capital expenditure on property, plant and equipment included first and foremost the expansion of the concentrate and anode slime processing facilities at the Hamburg site and various infrastructure, replacement and improvement measures.

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

The additions to interests in affiliated companies relate to the purchase of 30 % of Elektro-Recycling NORD GmbH for € 2,519 thousand and payments of € 38 thousand into the newly established Aurubis Canada Metals Inc.

The additions to the investments relate to payments of € 500 thousand into the additional paid-in capital of CIS Solartechnik GmbH & Co. KG, Bremerhaven, as well as acquisition costs of € 200 thousand for an investment in RA Rohstoffallianz GmbH.

The carrying amount of fixed asset securities as at September 30, 2012 amounted to € 55.1 million, while their fair value as at the balance sheet date amounted to € 35.3 million. Write-downs of € 19.8 million were recorded on this basis.

### (2) INVENTORIES

in € thousand	9/30/2012	9/30/2011
Raw materials and supplies	200,060	228,157
Work in process	302,057	269,432
Finished goods, merchandise	110,482	60,084
Payments on account on inventories	344	280
	<b>612,943</b>	<b>557,953</b>

The increase of € 55.0 million in inventories was mainly due to a build-up of copper inventories.

Write-downs of € 3.8 million to the lower market value related only to by-metals.

The difference between the current market value as of the balance sheet date and our valuation amounts to € 1,086 million.

**(3) RECEIVABLES AND OTHER ASSETS**

in € thousand	Maturing in		Total	
	less than 1 year	more than 1 year	9/30/2012	9/30/2011
Trade accounts receivable	198,347	–	198,347	149,939
Receivables from affiliated companies	121,691	–	121,691	151,944
Receivables from enterprises in which investments are held	6,790	–	6,790	4,325
Other assets	48,398	39	48,437	57,667
<b>TOTAL</b>	<b>375,226</b>	<b>39</b>	<b>375,265</b>	<b>363,875</b>

Trade accounts receivable have increased by € 48 million compared with the previous balance sheet date from € 150 million to € 198 million. The increase in customer receivables is mainly related to the acquisition of the product business of Aurubis Italia Srl during the past fiscal year. The volume of receivables sold in conjunction with factoring agreements increased slightly and amounts to € 97.0 million (€ 93.4 million in the prior year). The factoring is used to finance the receivables at the same time as reducing the default risk.

Receivables from affiliated companies of € 121.7 million are made up of trade accounts receivable of € 4.0 million (€ 51.4 million in the prior year) and receivables in conjunction with cash pooling of € 117.7 million (€ 100.5 million in the prior year).

Receivables from enterprises in which investments are held amounting to € 6.8 million mainly represent receivables from Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg, for deliveries of merchandise.

Other assets include primarily tax credits.

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

**(4) SHORT-TERM SECURITY INVESTMENTS**

Short-term security investments were completely disposed of during the fiscal year. A carrying amount of € 51 thousand was recorded in the balance sheet in the prior year.

**(5) CASH AND CASH EQUIVALENTS AND CHECKS**

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

## (6) EQUITY

The share capital amounts to € 115,089,210.88 and is divided into 44,956,723 no-par-value bearer shares, each with a notional value of € 2.56.

The Executive Board is empowered, subject to the approval of the Supervisory Board, to increase the share capital by March 2, 2016 by up to € 57,544,604.16 by issuing new shares once or in several installments 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). 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 March 2, 2015.

An amount of € 60,000,000 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 on September 30, 2012 include the profit of € 51,093,834.14 brought forward from the prior year.

## (7) PROVISIONS

in € thousand	9/30/2012	9/30/2011
<b>Provisions for pensions</b>	<b>55,694</b>	54,886
<b>Provisions for taxes</b>	<b>1,512</b>	0
<b>Other provisions</b>		
Personnel sector	107,705	111,532
Maintenance and major repairs	35,488	35,658
Environmental protection	7,858	7,822
Other	9,055	17,707
	<b>160,106</b>	172,719
	<b>217,312</b>	<b>227,605</b>

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 settlement amount, 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	5.08%
Expected salary increases	3.00%
Expected pension increases (every three years)	5.5%
Staff fluctuation rate	0.00% to 10.00%

Expenses of € 3,067 thousand from winding back the discounting on the pension obligations are offset by income of € 18 thousand from the fund assets.

To the extent that the pension obligations for Executive Board Members have been reinsured, they are netted with the fair value of the reinsurance claims.

The decrease in provisions in the personnel sector results in particular from the use of provisions in connection with the stock option program and lower provisions for semi-retirement contracts.

The provision for deferred maintenance only includes scheduled repairs for the three months after the balance sheet date. As part of the transitional regulations in accordance with Article 67 paragraph 3 sentence 1 EGHGB (Introductory Law to the HGB), the provisions for major repairs were retained, applying the regulations valid before the adoption of the BilMoG. The carrying amount of the provision, which

has not been amended, is € 31.1 million. The decrease in other provisions is primarily due to lower provisions for anticipated losses.

Over-funding of € 564 thousand resulted as at October 1, 2010 from the change in the non-current provisions for environmental protection due to the modified valuation under the BilMoG. Since the amount that is actually to be released has to be allocated again by December 31, 2024 at the latest, use has been made of the option available under Article 67 paragraph 1 sentence 2 EGHGB, and the provision has been retained. The over-funding amounts to € 453 thousand as at September 30, 2012.

## (8) LIABILITIES

in € thousand	Maturing in			Total	
	less than 1 year	1 to 5 years	more than 5 years	9/30/2012	9/30/2011
Bank loans and overdrafts	24,804	254,875	252,625	532,304	548,609
Advance payments received on orders	3,717	-	-	3,717	5,943
Trade accounts payable	652,313	-	-	652,313	634,128
Payables to affiliated companies	378,681	375,800	-	754,481	544,746
Payables to enterprises in which investments are held	1,137	-	-	1,137	2,492
Other liabilities	100,876	-	-	100,876	107,563
- of which taxes	75,079	-	-	75,079	86,826
- of which social security contributions	16,564	-	-	16,564	14,769
<b>TOTAL</b>	<b>1,161,528</b>	<b>630,675</b>	<b>252,625</b>	<b>2,044,828</b>	<b>1,843,481</b>

Bank loans and overdrafts fell slightly compared with the prior year due to redemptions.

Trade accounts payable increased only slightly by € 18.2 million as at the balance sheet date.

In addition to trade accounts payable of € 23.4 million (€ 24.7 million in the prior year), payables to affiliated companies of € 754.5 million include payables of € 731.1 million

(€ 520.1 million in the prior year) from financial transactions with subsidiaries. The payables to enterprises in which investments are held are trade accounts payable.

## (9) DERIVATIVES AND VALUATION UNITS

Aurubis AG and the Aurubis Group companies are exposed to currency, interest rate and commodity price risks in the course of their business. The Company concludes derivative financial instruments to hedge these risks. With minor exceptions, the use of derivative financial instruments is limited to hedging the Group's operating business and the associated investments and financing transactions.

Primarily foreign exchange forward contracts and foreign currency options as well as structures of foreign currency options are used to hedge currency risks. Interest rate swaps in particular are used to hedge interest rate risks. Aurubis AG concludes derivative financial instruments with external contractual partners in conjunction with the hedging of commodity price risks in order to hedge market prices of the raw materials and energy that are necessary to carry out the operating business.

The aim of using derivative financial instruments is to reduce impacts on the earnings and the cash flows that can result from changes in exchange rates, interest rates and commodity prices.

Derivative financial instruments are subject to a price change risk due to the possibility of fluctuations in the fundamental parameters such as currencies, interest rates and commodity prices. Where derivatives are employed for hedging purposes, the opportunity is used to compensate losses in value due to contrary effects from the hedged items.

### Derivative financial instruments for hedging currency risks

Aurubis AG uses foreign exchange forward contracts and foreign currency options as well as combinations of foreign currency options to hedge currency risks. A focus of the hedging measures is the hedging of the risk of changes in value from LME exchange transactions. This is carried out through macro-hedges. Aurubis AG concluded foreign exchange forward contracts with a nominal volume of € 824 million to hedge currency risks from LME exchange transactions. They have a residual term of up to 27 months. The positive net mar-

ket value amounted to € 9,882 thousand on the balance sheet date, which is offset by changes in the value of the hedged items included in the valuation unit in the same amount.

Financial reporting is carried out by using the net hedge presentation method, so that they were not recognized in the balance sheet. The effectiveness of the valuation unit is determined by comparing the net position of the underlying transactions included in the macro-hedge with the net position of the foreign exchange forward contracts included in the portfolio.

Foreign exchange forward contracts and foreign currency options and combinations of foreign currency options in the form of micro-hedges were concluded to hedge highly probable revenues from treatment and refining charges, copper premiums and shape surcharges in USD against the risk of changes in the cash flow. They have a residual term of up to 24 months and a nominal volume of € 288 million with a net negative market value of € 6,285 thousand, which is offset by changes in the value of the hedged items included in the valuation unit in the same amount.

Financial reporting is carried out by using the net hedge presentation method, so that the portion of the changes in value included in the valuation unit was not recognized in the balance sheet. The effectiveness of the valuation unit is determined by using the cumulative dollar-offset method.

Additional valuation units were set up separately by currency pairs in the form of portfolio hedges from foreign exchange forward contracts and foreign currency options traded to hedge currency risks at group companies, as well as foreign exchange forward contracts concluded to hedge the open currency risk position determined each trading day.

The latter hedge the respective net risk position of a trading day, so a 1:1 allocation to the hedged transactions (e.g., trade accounts receivable and trade accounts payable, payments made and received) is not possible.



For the EUR/USD currency pair, this portfolio held traded foreign currency options with a residual term of up to 24 months. They include the respective purchase or sale option of \$ 27 million at the countervalue of € 21 million.

Financial reporting is carried out by using the net hedge presentation method. Since the foreign currency options included in this valuation unit are in each case 1:1 mirror transactions, the portion of the changes in value included in the valuation unit was not recognized in the balance sheet. Foreign exchange forward contracts with a residual term of up to 24 months remained in this portfolio for this currency pair. In conjunction with the valuation unit, USD purchases and sales of \$ 972 million each are matched by contracted EUR purchases of € 742 million and EUR sales of € 743 million. Financial reporting is carried out by using the net hedge presentation method. The net loss of € 1 million was recognized in profit or loss in a provision for valuation units.

The effectiveness of the valuation unit is determined for the position closed in foreign currency by comparing the EUR amounts contracted for later processing of the foreign exchange forward contracts. Additional valuation units for other currency pairs only existed to a minor extent.

#### Derivative financial instruments for hedging interest rate risks

Interest rate swaps in the form of payer swaps were concluded to hedge the risk of changes in the cash flow from taking up variable interest rate borrowings. They have residual terms until 2017 corresponding with the liabilities. A nominal volume of € 169 million and a net negative market value of € 12,709 thousand were attributed to them. They were included in the form of micro-hedges in valuation units with the liabilities reported in the balance sheet. The fair value of the interest rate swaps are matched by changes in the value of the hedged items included in the valuation unit in the same amount. Financial reporting is carried out by using the net hedge presentation method, so that the portion of the changes in value included in the valuation unit was not recognized in the balance sheet. The effectiveness of the valuation unit is determined by using the cumulative dollar-offset method.

#### Derivative financial instruments for hedging metal and other price risks

Aurubis AG used LME futures contracts to hedge metal price risks. These mainly relate to copper.

A focus of hedging measures is hedging price-fixed, floating delivery purchases and sales against the risk of changes in value due to a change in the metal price. This is carried out in conjunction with a macro-hedge. Aurubis AG concluded LME futures contracts with a nominal volume of € 1,982 million to hedge metal price risks from floating delivery transactions. They have a residual term of up to 27 months. Their net positive fair market value as at the balance sheet date amounted to € 51,003 thousand. To the extent that this is not offset by changes in the value of the hedged items included in the valuation unit in the same amount, this is taken into account in the valuation of the delivery purchases and sales also included in the valuation unit which have already been delivered but not price-fixed. Financial reporting in the amount of the closed position is carried out by using the net hedge presentation method. The effectiveness of the valuation unit is determined by comparing the hedged items and hedging instruments included in the macro-hedge in terms of quantities and prices.

LME futures contracts with a residual term of up to three months in a nominal volume of € 5 million with a net positive market value of € 429 thousand were in place to hedge highly probable revenues from the sale of nonferrous metals against the risk of changes in the cash flow in conjunction with micro-hedges. They are matched by changes in value from the hedged items included in the valuation unit in the same amount. Financial reporting is carried out by using the net hedge presentation method, so that they are not recognized in the balance sheet. The effectiveness of the valuation unit is determined by using the cumulative dollar-offset method.

Aurubis AG uses commodity futures and commodity swaps to hedge other price risks.

In conjunction with the hedging of other price risks, variable price components from electricity procurement in particular were hedged against the risk of changes in the cash flow in

the form of micro-hedges. Commodity futures and commodity swaps with a residual term of up to 27 months and a nominal volume of € 51 million with a net negative market value of € 16,254 thousand were in place. They are matched by changes in value from the hedged items included in the valuation unit in the same amount. Financial reporting is carried out by using the net hedge presentation method, so that they are not recognized in the balance sheet. The effectiveness of the valuation unit is determined by verifying that the significant contract parameters of the hedged items and the hedging instruments match exactly (critical terms match).

#### Derivative financial instruments not included in valuation units

In addition to the aforementioned derivative financial instruments that were included in valuation units, the following derivative financial instruments, which were not included in valuation units, were in place as at September 30, 2012:

in € thousand	Fair/ market values	Notional value
Swap (emission allowances)	34	81
	<b>34</b>	<b>81</b>

#### Valuation methods

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 for 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 by discounting future expected cash flows, using the market interest rates applicable for the remaining term of the financial instruments.

Provisions of € 0.7 million from foreign currency forward contracts and € 0.3 million for metal delivery transactions were set up for expected losses.

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 valuation of trade accounts payable and receivable, and the inventories.

**(10) CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS**

in € million	9/30/2012	9/30/2011
Contingent liabilities under discounted bills	0.8	0.8
Capital commitments	3.6	3.0
Commitments under tolling agreements	31.2	25.4
Other contingencies	191.5	202.5
Other contingent liabilities	55.1	93.0

The notional values stated for the contingent liabilities did not lead to the recognition of a provision, as a claim or burden is not expected.

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

Other financial commitments of € 157.4 million (€ 164.1 million in the prior year) relate to long-term transport and handling agreements with a residual term of 14 years. Other financial commitments of € 28.0 million (€ 28.0 million in the prior year) relate to long-term tank storage handling agreements with a residual term of 13 years.

An agreement has been concluded with an energy utility for the cost-based procurement of more than one billion kilowatt hours of electricity per year over a term of 30 years commencing in 2010. The charges include a price and output component as well as a contribution to the investment costs for a power plant. In addition, an agreement has been concluded for the supply of the Hamburg and Lünen sites with oxygen expiring on September 30, 2026.

**(11) REVENUES**

in € thousand	2011/12	2010/11
<b>Product groups</b>		
Copper cathodes	1,608,379	2,162,108
Continuous cast wire rod	2,672,569	2,539,894
Continuous cast shapes	937,671	1,219,524
Precious metals	3,160,832	2,775,367
Sulfuric acid	73,568	61,447
Other	324,626	304,873
	<b>8,777,645</b>	<b>9,063,213</b>

In the year under review, 39.7% of the revenues were generated in the domestic market, 40.9% in other member states of the European Union, 5.1% in Asia, 5.0% in North America and 9.3% in other countries.

Despite the increases in revenues for rod and precious metals, revenues declined overall compared with the prior year by about 3%. The higher revenues in the rod sector reflect the acquisition of the product business of Aurubis Italia Srl during the past fiscal year.

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.

### (12) OTHER OPERATING INCOME

in € thousand	2011/12	2010/11
Reversal of provisions	2,720	750
Gains on disposal of property, plant and equipment and financial fixed assets	135	19
Cost reimbursements and services for third parties	33,397	25,526
Compensation and damages	7,098	1,995
Other income	13,555	7,489
	<b>56,905</b>	<b>35,779</b>

Of the aforementioned amounts, € 7.0 million (€ 0.8 million in the prior year) relates to prior periods.

### (13) COST OF MATERIALS

in € thousand	2011/12	2010/11
Raw materials, supplies and merchandise	8,151,138	8,413,763
Cost of purchased services	183,194	161,803
	<b>8,334,332</b>	<b>8,575,566</b>

Cost of materials decreased in line with the revenues, mainly due to lower prices for the metals used. The cost of materials ratio remained almost unchanged at 94.0% (94.3% in the prior year).

### (14) PERSONNEL EXPENSES AND HUMAN RESOURCES

in € thousand	2011/12	2010/11
Wages and salaries	170,582	162,502
Social security, pension and other benefit expenses	41,900	37,081
- of which for pensions	10,797	8,075
	<b>212,482</b>	<b>199,583</b>

The increase in wages and salaries is due to the large number of employees and the increase in the collective pay scales. The average number of employees during the year was as follows:

in € thousand	2011/12	2010/11
Blue collar	1,595	1,550
White collar	883	838
Trainees and apprentices	191	192
	<b>2,669</b>	<b>2,580</b>

### (15) DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased compared with the prior year by € 5 million to € 33 million.

### (16) OTHER OPERATING EXPENSES

Other operating expenses include administrative and marketing expenses, fees, insurance, rents and leasing expenses. The increase compared with the prior year is due to various individual circumstances, especially the € 22.5 million write-off of the outstanding receivables in connection with the liquidation of Aurubis Switzerland SA. The freight costs also increased by € 10.5 million.

The other operating expenses include currency losses of € 4.5 million.

The expenses of € 0.4 million relating to prior periods mainly comprise losses on the disposal of fixed assets.

### (17) RESULT FROM INVESTMENTS

in € thousand	2011/12	2010/11
Income from investments	44,263	45,228
- of which from affiliated companies	44,263	45,228
	<b>44,263</b>	<b>45,228</b>

The result from investments comprises € 31.4 million from investments abroad and € 12.8 million from investments in Germany.

### (18) NET INTEREST EXPENSE

in € thousand	2011/12	2010/11
Income from loans reported under financial fixed assets	504	269
Other interest and similar income	6,718	11,191
- of which from affiliated companies	2,326	5,627
	<b>7,222</b>	<b>11,460</b>
Interest and similar expenses	55,343	51,277
- of which to affiliated companies	19,879	19,464
	<b>55,343</b>	<b>51,277</b>
<b>NET INTEREST EXPENSE</b>	<b>48,121</b>	<b>39,817</b>

The net interest expense of Aurubis AG increased compared with the prior year. Interest income fell due to lower interest rates on deposits at banks and at affiliated companies. Interest expense increased primarily due to refinancing with higher availability of liquidity and an extended term structure. In addition, interest expense from the discounting of other provisions amounted to € 168 thousand.

Net interest expense includes the interest component of € 3.1 million (€ 3.1 million in the prior year) included in the allocation to the pension provisions.

### (19) WRITE-DOWNS ON FINANCIAL FIXED ASSETS

in € thousand	2011/12	2010/11
Write-downs on financial fixed assets	500	25,158
Write-downs on fixed asset securities	19,768	10,805
	<b>20,268</b>	<b>35,963</b>

A valuation of the fixed asset securities as at the balance sheet date resulted in a write-down of € 19.8 million.

### (20) INCOME TAXES

The net income for the year is burdened by income taxes of € 67,441 thousand (€ 55,733 thousand in the prior year), resulting in an average tax rate of 35.7 % (28.3 % in the prior year). The higher tax rate for the past fiscal year is due especially to write-downs on receivables and fixed asset securities that are not deductible for tax purposes.

## Other disclosures

### DISCLOSURES ON TRANSACTIONS WITH RELATED ENTITIES AND PERSONS IN ACCORDANCE WITH SECTION 285 NO. 21 HGB

The following table summarizes all transactions during the fiscal year 2011/12 between Aurubis AG and related entities,

which are included in the consolidated financial statements but are not wholly-owned subsidiaries. There were no transactions with related persons as at September 30, 2012.

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	65,036	245	64,343	36
Earnings from services	4,571	33	97	43
Expenditure on procurement	486,217	9,390	9,366	23,689
Expenditure on services	0	51	3	0
Interest income	323	0	0	0
Interest expense	118	13	0	0
Expenditure (cash effective) from derivatives to hedge material purchases	13,770	0	0	0

The expense 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 or a broker in relation to the subsidiaries.

### 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 260 PARAGRAPH 1 NO. 8 GERMAN COMPANIES ACT

Deutsche Bank AG London, London, England, informed us on February 11, 2012 pursuant to Sections 21 and 24 German Securities Trading Act in connection with Section 32 (2) InvG that the voting rights of its subsidiary, DWS Investment GmbH, had fallen below the 3% threshold on January 6, 2012 and at the time amounted to 2.882% of the voting rights (representing 1,295,644 voting rights) in Aurubis AG.

BlackRock, Inc., New York, USA, informed us on May 21, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock, Inc., had fallen below the 3% threshold on May 14, 2012 and at the time amounted to 2.69% of the voting rights (representing 1,210,871 voting rights) in Aurubis AG.

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.

BlackRock Financial Management, Inc., New York, USA, informed us on May 21, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock Financial Management, Inc., had fallen below the 3% threshold on May 14, 2012 and at the time amounted to 2.67% of the voting rights (representing 1,198,643 voting rights) in Aurubis AG.

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.

BlackRock Holdco 2, Inc., Wilmington, DE, USA, informed us on May 21, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock Holdco 2, Inc., had fallen below the 3% threshold on May 14, 2012 and at the time amounted to 2.67% of the voting rights (representing 1,198,643 voting rights) in Aurubis AG.

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.

BlackRock, Inc., New York, USA, informed us on June 26, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock, Inc., had exceeded the 3% threshold on June 20, 2012 and at the time amounted to 3.04% of the voting rights (representing 1,366,248 voting rights) in Aurubis AG.

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.

BlackRock Financial Management, Inc., New York, USA, informed us on June 26, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock Financial Management, Inc., had exceeded the 3% threshold on June 20, 2012 and at the time amounted to 3.01% of the voting rights (representing 1,352,739 voting rights) in Aurubis AG.

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.

BlackRock Holdco 2, Inc., Wilmington, DE, USA, informed us on June 26, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock Holdco 2, Inc., had exceeded the 3% threshold on June 20, 2012 and at the time amounted to 3.01% of the voting rights (representing 1,352,739 voting rights) in Aurubis AG.

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.

BlackRock Financial Management, Inc., New York, USA, informed us on August 6, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock Financial Management, Inc., had fallen below the 3% threshold on July 31, 2012 and at the time amounted to 2.99% of the voting rights (representing 1,345,996 voting rights) in Aurubis AG.

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.

BlackRock Holdco 2, Inc., Wilmington, DE, USA, informed us on August 6, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock

Holdco 2, Inc., had fallen below the 3% threshold on July 31, 2012 and at the time amounted to 2.99% of the voting rights (representing 1,345,996 voting rights) in Aurubis AG.

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.

BlackRock, Inc., New York, USA, informed us on August 15, 2012 pursuant to Sections 21 and 24 German Securities Trading Act that the voting rights of BlackRock, Inc., had fallen below the 3% threshold on August 9, 2012 and at the time amounted to 2.94% of the voting rights (representing 1,323,745 voting rights) in Aurubis AG.

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.

### AUDITORS' FEES

The following fees were recorded as expenses for the fiscal year 2011/12 for services rendered by the auditors:

Audit services	€ 469 thousand
Other assurance services	€ 6 thousand
Tax consulting fees	€ 9 thousand
Other services	€ 469 thousand

### INVESTMENTS

The full list of investments is appended.

### INFORMATION ON THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

Disclosures in accordance with Section 285 No. 10 HGB are provided in a separate section of this annual report.

### TOTAL COMPENSATION

The total compensation of the active Executive Board members for fiscal year 2011/12 amounted to € 5,831,921 and included a fixed component for the past fiscal year of € 1,536,000, fringe benefits of € 91,441, a variable component of € 3,112,500 and a payment from the incentive plan of € 1,091,980. The proportional fair value of the 81,000 options acquired by the Executive Board as part of an incentive plan amounted to € 1,164,058.

Former members of the Executive Board and their surviving dependents received a total of € 1,671,312, while € 18,402,655 has been provided for their pension entitlement.

The compensation of the Supervisory Board for fiscal year 2011/12 amounted to € 1,220,000.

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 6,324 shares (6,665 shares in the prior year) and members of the Executive Board hold 8,000 shares (11,800 shares in the prior year) in Aurubis AG.

### NOTIFIABLE SECURITIES TRANSACTIONS

#### Directors' dealings

In accordance with Section 15a German Securities Trading Act, the members of the Executive Board and the Supervisory Board must disclose the acquisition and sale of shares in the Company.

Members of the Executive Board did not carry out any notifiable securities transactions during the reporting period.

The following member of the Supervisory Board informed the Company that she had acquired or sold no-par-value shares in the Company in the period from October 1, 2011 to September 30, 2012:

- » Renate Hold: sold 380 no-par-value shares



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.

We will propose to the Annual General Meeting that Aurubis AG's unappropriated earnings of € 112,675,567.45 be used to pay a dividend of € 1.35 per no-par-value share (= € 60,691,576.05) and that € 51,983,991.40 be carried forward.

**PROPOSED APPROPRIATION OF EARNINGS**


in €	9/30/2012
Net income for the year of Aurubis Aktiengesellschaft	121,581,733.31
Profit brought forward from the prior year	51,093,834.14
Allocations to other revenue reserves	60,000,000.00
<b>UNAPPROPRIATED EARNINGS</b>	<b>112,675,567.45</b>

The Executive Board

  
Peter Willbrandt

  
Erwin Faust

  
Dr. Michael Landau

  
Dr. Stefan Boel

## Investments as per Section 285 no. 11 HGB as at September 30, 2012

Company name and registered office	% of capital held	Currency	Held directly by	Equity in '000	Net earnings in '000
1 Aurubis AG		EUR			
<b>Fully consolidated companies</b>					
2 Aurubis Belgium nv/sa, Brüssel	100	EUR	1	980,733	47,302 <sup>1)</sup>
3 Aurubis Holding Sweden AB, Stockholm	100	SEK	2	365,025	(247) <sup>1)</sup>
4 Aurubis Sweden AB, Finspång	100	SEK	3	343,872	(31,087) <sup>1)</sup>
5 Aurubis Finland Oy, Pori	100	EUR	2	26,072	(778) <sup>1)</sup>
6 Aurubis Holding USA LLC, Buffalo	100	USD	2	29,030	(827) <sup>1)</sup>
7 Aurubis Buffalo Inc., Buffalo	100	USD	6	71,048	8,485 <sup>1)3)</sup>
8 Aurubis Netherlands BV, Zutphen	100	EUR	2	31,907	(3,864) <sup>1)</sup>
9 Aurubis Mortara S.p.A., Mortara (vormals: Luvata Mortara S.p.A.)	100	EUR	2	4,200	495 <sup>1)4)</sup>
10 Cumerio Austria GmbH, Wien	100	EUR	1	152,030	14,981 <sup>1)</sup>
11 Aurubis Bulgaria AD, Pirdop	99.77	EUR	10	635,045	139,804 <sup>1)</sup>
12 Aurubis Engineering EAD, Sofia	100	EUR	10	437	15 <sup>1)</sup>
13 Aurubis Italia Srl, Avellino	100	EUR	1	16,960	279 <sup>1)</sup>
14 Aurubis Switzerland SA, Yverdon-les-Bains	100	CHF	1	(28,269)	(18,961) <sup>1)</sup>
15 Aurubis Stolberg GmbH & Co. KG, Stolberg	100	EUR	1	28,253	6,244
16 Aurubis U.K. Ltd., Smethwick	100	GBP	15	1,741	142 <sup>1)</sup>
17 Aurubis Slovakia s.r.o., Dolny Kubin	100	EUR	15	573	(156) <sup>1)</sup>
18 CABLO Metall-Recycling & Handel GmbH, Fehrbellin	100	EUR	1	5,339	2,529
19 Peute Baustoff GmbH, Hamburg	100	EUR	1	379	277
20 RETORTE GmbH Selenium Chemicals & Metals, Röthenbach	100	EUR	1	5,079	2,565
21 E.R.N. Elektro-Recycling NORD GmbH, Hamburg	100	EUR	1	5,941	2,748 <sup>2)</sup>
22 Aurubis Product Sales GmbH, Hamburg	100	EUR	1	96	89
23 Deutsche Giessdraht GmbH, Emmerich	60	EUR	1	6,831	2,407
<b>Proportionately consolidated companies</b>					
24 Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg	50	EUR	15	59,652	17,971

Company name and registered office	% of capital held	Currency	Held directly by	Equity in '000	Net earnings in '000
<b>Non-consolidated companies</b>					
25 Aurubis Stolberg Verwaltungs-GmbH, Stolberg	100	EUR	1	31	0
26 Hüttenbau-Gesellschaft Peute mbH, Hamburg	100	EUR	1	87	0
27 Aurubis Hong Kong Ltd., Hong Kong	100	HKD	2	9,832	(135)
28 Aurubis Metal Products (Shanghai) Co., Ltd, Shanghai	100	CNY	27	2,164	954
29 Aurubis Rus LLC, St. Petersburg	100	RUB	2	(1,253)	(1,413)
30 Aurubis Canada Metals Inc., Vancouver	100	CAD	1	56	6
31 Retorte do Brasil, Joinville	51	BRL	20	1,597	501
32 C.M.R. International N.V., Antwerpen	50	EUR	1	2,322	71
33 VisioNA GmbH, Hamburg	50	EUR	1	25	(1)
34 Schwermetall Halbzeugwerk GmbH, Stolberg	50	EUR	15	26	12
35 JoSeCo GmbH, Kirchheim/Schwaben	33	EUR	20	205	(12)

1) Equity and net earnings are based on the IFRS reporting package since statutory or country-specific financial statements are not yet available.

2) With the purchase agreement dated December 2, 2011, the investment was raised from 70% to 100%.

3) Aurubis Niagara Falls Inc., Buffalo, was merged with Aurubis Buffalo Inc., Buffalo, during the fiscal year.

4) Aurubis Mortara SRL, Mortara, was merged with Aurubis Mortara S.p.A., Mortara (formerly: Luvata Mortara S.p.A.), during the fiscal year.

# 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 group management report includes a fair review of the

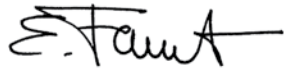
development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Hamburg, December 12, 2012

The Executive Board



Peter Willbrandt



Erwin Faust



Dr. Michael Landau



Dr. Stefan Boel

# 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 the Aurubis AG, Hamburg, for the business year from 1 October 2011 to 30 September 2012. 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 supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (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. 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 the management report 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 Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company 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.

Hamburg, 12 December 2012

PricewaterhouseCoopers AG  
Wirtschaftsprüfungsgesellschaft



Andreas Borchering  
German Public Auditor



ppa. Christian Kaußen  
German Public Auditor

# REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The past fiscal year was very successful. The Supervisory Board would like to thank the Executive Board and the employees of Aurubis AG and all of the Group companies for their dedicated work.

## **COLLABORATION BETWEEN SUPERVISORY BOARD AND EXECUTIVE BOARD**

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

The Executive Board informed the Supervisory Board regularly in written and verbal reports, promptly and comprehensively, about corporate planning, business development, strategic development and the current situation of the Group including the risk situation, risk management and compliance. The Supervisory Board was also informed about individual deviations of the business performance from the established plans. The Supervisory Board discussed all the transactions that were of importance for the Group in detail on the basis of the Executive Board's reports. The Supervisory Board agreed on the Executive Board's suggested resolutions after thorough review and consultation.

## **CONSULTATIONS IN THE SUPERVISORY BOARD**

Four scheduled Supervisory Board Meetings (on January 17, 2012, February 29, 2012, May 25, 2012 and September 21, 2012) were held in fiscal year 2011/12. One resolution was adopted by written consent in lieu of a meeting. Only one member of the Supervisory Board did not attend one of the meetings. The average participation rate for the Supervisory Board members was therefore nearly 98%.

The topics of regular Supervisory Board consultation in meetings included the business performance, human resources in the Group and the development of the results and the raw material, foreign exchange and energy markets. The Supervisory Board also dealt with the financial situation and the status of capital expenditure. The respective committee chairman also reported on the committees' work and the generated suggestions and results at the meetings.

In the meeting on January 17, 2012 the Supervisory Board determined the compensation for the Executive Board members for fiscal year 2011/12 contingent on the established objectives. Details are explained in this annual report under the compensation report.

In the same meeting, consultations focused on the approval of the consolidated financial statements and the separate financial statements for Aurubis AG for 2010/11, including the corporate governance report, and the preparations for the 2012 Annual General Meeting. The Executive Board gave a detailed report about the status of the project to optimize the production structure and to relocate production from the Finspång/Sweden site to the plants in Zutphen (Netherlands) and Buffalo (USA).

On February 2, 2012 the Supervisory Board approved the Executive Board resolution to relocate Business Line Bars & Profiles' production from Switzerland to Belgium.

In the Supervisory Board meetings on September 29, 2012 and May 25, 2012 the Executive Board reported on the Group's current business and financial situation after the end of the respective quarter.

The Supervisory Board approved the budget for fiscal year 2012/13 in the meeting on September 21, 2012. Furthermore, the Supervisory Board authorized the "lead refining" replacement investment and the "PKE 2013 Project" (large-scale standstill in concentrate processing) at the Hamburg site.

After Dr. Wortberg resigned as Chairman, the shareholder representatives elected Prof. Dr. Fuhrmann as Chairman of the Nomination Committee effective October 1, 2012.

### COMMITTEES

The Supervisory Board set up a total of four permanent committees to fulfill its duties, which effectively supported the work in the meetings. The committees prepared the Supervisory Board's resolutions and the topics to be considered in the meetings. The Conciliation Committee in accordance with Section 27 paragraph 3 Law on Co-determination did not meet during the reporting year.

General statements on the composition and working procedures of the Supervisory Board and its committees can be found in this year's declaration on corporate governance as part of the Aurubis AG's management report.

Only one member did not participate in one committee meeting.

### WORK ON THE PERSONNEL COMMITTEE

The Personnel Committee met twice in the year under review. In its meeting on January 16, 2012 the Personnel Committee developed a compensation suggestion for the Executive Board's overall and individual performance in fiscal year 2010/11. Furthermore, the Personnel Committee developed a suggestion regarding compensation for Mr. Willbrandt, the new Chief Executive Officer. In its meeting on September 21, 2012, the Personnel Committee worked on the selection process for Dr. Landau's successor.

### WORK ON THE AUDIT COMMITTEE

The Audit Committee met four times in the reporting period and considered the separate financial statements for Aurubis AG, the consolidated financial statements and the quarterly reports for the past fiscal year, which were discussed with the Executive Board in each case before being published. The Audit Committee also addressed the monitoring of the accounting process, the effectiveness of the internal control and auditing system and compliance management in the Group. In all of the meetings, the committee dealt with the status of the Federal Financial Supervisory Authority's procedure. Moreover, the committee dealt intensively with the internal accounting structure during the meeting on February 13, 2012.

Dr. Wortberg, 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 committee established the focuses of the annual audit 2011/12, specifically (i) the follow-up audit of the IT authorization concept and (ii) the audit of the executed SAP release change on the AG level and, on the level of the former Luvata companies, (i) the audit of the Aurubis Sweden and Aurubis Netherlands SAP server migration to IBM Germany and (ii) the Luvata integration, especially with respect to process mapping, the control test and ensuring the use of unified Group guidelines.

The Audit Committee furthermore monitored the independence of the auditors and obtained the declaration on their independence recommended by the German Corporate Governance Code and addressed the additional services performed by the auditors. In this regard, the designated auditors were obligated to inform the Chairman of the Audit Committee without delay about any possible grounds for exclusion or lack of impartiality arising during the audit.

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 met on September 21, 2012 during fiscal year 2011/12. Dr. Wortberg resigned from his position as Chairman effective September 30, 2012 and suggested Prof. Dr. Fuhrmann as the new Chairman. The Nomination Committee concurred with this suggestion.

#### **CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY**

The regular efficiency review was performed by the Supervisory Board at its meeting on September 21, 2012.

The Executive Board reports on corporate governance at Aurubis AG, also on behalf of the Supervisory Board, in accordance with Section 3.10 of the German Corporate Governance Code in the declaration and report on corporate governance, which are part of the management report.

On November 9, 2012, the Executive Board and Supervisory Board issued the updated Declaration of Conformity to the Corporate Governance Code in accordance with Section 161 German Companies Act and made it permanently accessible to the public at [www.aurubis.com](http://www.aurubis.com). According to the declaration, Aurubis complies with the Code recommendations with two exceptions. Additional information can be found in the Declaration of Conformity in accordance with Section 161 German Companies Act.

#### **CONFLICTS OF INTEREST**

There were no conflicts of interest among Executive Board or Supervisory Board members that should have been disclosed to the Supervisory Board or announced at the Annual General Meeting.

#### **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 October 1, 2011 to September 30, 2012 and the management reports for the Company and the Group have been audited by PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Hamburg, in accordance with the resolution passed at the Company's Annual General Meeting on March 1, 2012 and their subsequent appointment as auditors by the Supervisory Board. The auditors have issued an unqualified auditors' report.

The meeting of the Supervisory Board to approve the financial statements was held on December 12, 2012. 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 utilization 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 utilization of the unappropriated earnings.

### CHANGES IN THE SUPERVISORY BOARD AND EXECUTIVE BOARD

Chief Executive Officer Dr. Bernd Drouven resigned from the Company's Executive Board on December 31, 2011. Mr. Peter Willbrandt was elected Chief Executive Officer of the Company effective January 1, 2012.

We would like to thank Dr. Drouven for his successful service to the Company.

Hamburg, December 12, 2012

The Supervisory Board



Prof. Dr.-Ing. Heinz Jörg Fuhrmann  
*Chairman*

# SUPERVISORY AND EXECUTIVE BOARDS

## Supervisory Board

**Prof. Dr.-Ing. Heinz Jörg Fuhrmann**, Salzgitter

Chairman

Chairman of the Executive Board of Salzgitter AG, Salzgitter

- » EUROPIPE GmbH, Mülheim<sup>+</sup>  
Member of the Supervisory Board until April 26, 2012
- » KHS AG, Dortmund<sup>+</sup>  
Chairman of the Supervisory Board
- » Mannesmannröhren-Werke GmbH, Mülheim<sup>+</sup>  
Chairman of the Supervisory Board
- » Öffentliche Lebensversicherung Braunschweig,  
Braunschweig  
Member of the Supervisory Board
- » Öffentliche Sachversicherung Braunschweig,  
Braunschweig  
Member of the Supervisory Board
- » Salzgitter Klöckner-Werke AG, Salzgitter<sup>+</sup>  
Chairman of the Supervisory Board  
until December 14, 2011
- » Salzgitter Mannesmann Handel GmbH, Düsseldorf<sup>+</sup>  
Chairman of the Supervisory Board
- » Salzgitter Stahl GmbH, Salzgitter<sup>+</sup>  
Chairman of the Supervisory Board
- » TÜV Nord AG, Hanover  
Member of the Supervisory Board
- » Ets. Robert et Cie S.A.S., Le Thillay  
Member of the Advisory Board
- » EUROPIPE GmbH, Mülheim  
Member of the Shareholders' Committee  
until April 26, 2012

**Dr.-Ing. Ernst J. Wortberg**, Dortmund

Self-employed consultant

**Hans-Jürgen Grundmann**, Seevetal<sup>\*</sup>

Deputy Chairman

Shop mechanic

Chairman of the Works Council of Aurubis AG

**Jan Eulen**, Kummerfeld<sup>\*</sup>

District Manager of the Mining, Chemical and Energy

Industrial Union Hamburg/Harburg

- » Honeywell Deutschland Holding GmbH,  
Offenbach  
Member of the Supervisory Board

**Dr. Peter von Foerster**, Hamburg

Lawyer

- » Hemmoor Zement AG i.L., Hamburg  
Deputy Chairman of the Supervisory Board
- » Holcim (Deutschland) AG, Hamburg  
Chairman of the Supervisory Board

**Rainer Grohe**, Otterstadt

Professional Supervisory Board Member

- » Graphit Kropfmühl AG, Munich  
Deputy Chairman of the Supervisory Board
- » K+S Aktiengesellschaft, Kassel  
Member of the Supervisory Board
- » PFW Aerospace AG, Speyer  
Deputy Chairman of the Supervisory Board  
since December 5, 2012
- » SASAG AG, Elsteraue  
Member of the Supervisory Board
- » WKV Wasserkraft Volk AG, Gutach/Breisgau  
Member of the Supervisory Board since July 27, 2012

<sup>+</sup> = Group companies

<sup>\*</sup> = elected by the employees

**Renate Hold, Hamburg \***

Clerical employee  
Deputy Chairman of the Works Council and Chairman of the Group General Works Council of Aurubis AG

**Prof. Dr.-Ing. E. h. Wolfgang Leese, Kamp-Lintfort**

Managing Director of WGL Verwaltung und Beratung GmbH, Kamp-Lintfort

- » MAN Truck & Bus AG, Munich  
Member of the Supervisory Board
- » Schütz GmbH & Co. KGaA, Selters  
Chairman of the Supervisory Board

**Dr. med. Thomas Schultek, Lübeck \***

Head of Group Health Protection at Aurubis

- » Chairman of the Committee of Executive Representatives at Aurubis AG, Hamburg

**Rolf Schwertz, Datteln \***

Bricklayer and boiler operator  
Deputy Chairman of the Works Council of Aurubis AG, Lünen and Chairman of the Central Representative Council of Employees with Disabilities of Aurubis AG, Hamburg

**Prof. Dr. Fritz Vahrenholt, Hamburg**

Chairman of the Management Board of RWE Innogy GmbH, Essen until June 30, 2012

Chairman of the Supervisory Board of RWE Innogy GmbH, Essen since August 6, 2012

- » Green Exchange, New York  
Member of the Supervisory Board until March 31, 2012
- » Mateco AG, Stuttgart  
Member of the Supervisory Board
- » Putz & Partner Unternehmensberatung, Hamburg  
Member of the Supervisory Board
- » RADAG Rheinkraftwerk Albbruck-Dogern AG, Laufenburg  
Chairman of the Supervisory Board
- » Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V., Munich  
Member of the Senate
- » Körber-Stiftung, Hamburg  
Member of the Advisory Board
- » Novatec Solar GmbH, Karlsruhe  
Member of the Supervisory Board since February 1, 2012
- » Capital Stage AG, Hamburg  
Member of the Supervisory Board since June 21, 2012

**Helmut Wirtz, Stolberg \***

Managing Director of IG Metall, Stolberg

- » Leoni AG, Nuremberg  
Member of the Supervisory Board

+ = Group companies

\* = elected by the employees

## Supervisory Board Committees

### Conciliation Committee in accordance with Section 27 par. 3 Law on Co-determination

Prof. Dr.-Ing. Heinz Jörg Fuhrmann (Chairman)  
Hans-Jürgen Grundmann (Deputy Chairman)  
Renate Hold  
Dr. Peter von Foerster

### Audit Committee

Dr. Ernst J. Wortberg (Chairman)  
Prof. Dr.-Ing. Heinz Jörg Fuhrmann  
Jan Eulen  
Hans-Jürgen Grundmann

### Personnel Committee

Prof. Dr.-Ing. Heinz Jörg Fuhrmann (Chairman)  
Dr. Peter von Foerster  
Hans-Jürgen Grundmann  
Renate Hold  
Dr. Thomas Schultek  
Prof. Dr. Fritz Vahrenholt

### Nomination Committee

Prof. Dr.-Ing. Heinz Jörg Fuhrmann  
(Chairman since October 1, 2012)  
Rainer Grohe  
Prof. Dr.-Ing. E. h. Wolfgang Leese  
Dr. Ernst J. Wortberg (Chairman until September 30, 2012)

## Executive Board

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

**Peter Willbrandt**, Winsen/Luhe  
born: February 16, 1962  
Member of the Executive Board  
Chief Executive Officer since January 1, 2012  
appointed until March 31, 2015

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

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

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

# CORPORATE GOVERNANCE

## Declaration and report on corporate governance

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 2011/12 with the topic of corporate governance and jointly issued the updated Declaration of Conformity in accordance with Section 161 German Companies Act on November 9, 2012. 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 2012

“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 May 26, 2010 were applied in the period from October 1, 2011 to June 15, 2012 and that thereafter the recommendations of the “German Corporate Governance Code” in the version dated May 15, 2012 are being applied with the following exceptions:

- » The contracts with new Executive Board members do not include a severance pay cap in the amount of maximum two years' compensation in the event of premature termination of the contract, including in the form of so-called (modified) connection clauses. 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 make sense. Furthermore, a severance pay cap would not be legally enforceable for the Executive Board member in many relevant cases. If there is neither a good cause for revoking the appointment in terms of Section 84 paragraph 3 sentence 1 German Companies Act nor a good cause for terminating the employment contract without notice in terms of Section 626 German Civil Code, the service contract with the respective Executive Board member can only be terminated by mutual consent. In this case the Executive Board member is not obliged to agree to a severance pay cap in terms of the Code recommendation. So-called (modified) connection clauses that tie the termination of the Executive Board employment contract to the revocation of the appointment for a good cause and that provide for a corresponding severance pay cap for this case cannot be unilaterally enforced by the Supervisory Board against the will of the Executive Board member concerned (deviation from Code Section 4.2.3 paragraph 4).

- » The Supervisory Board will continue in the 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 paragraphs 2 and 3).

Hamburg, November 9, 2012

For the Executive Board:



Peter Willbrandt  
*Chairman*

Dr. Michael Landau  
*Member*

For the Supervisory Board:



Prof. Dr.-Ing. Heinz Jörg Fuhrmann  
*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 for the benefit 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 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.

Certain Executive Board decisions of particular importance require the approval of the Supervisory Board. They are stipulated in a catalogue. For example, the Supervisory Board makes decisions about investments in other companies if the measure is of great significance for the Group, as well as about substantial capital expenditure measures.

The Executive Board of Aurubis AG consisted of five and later four members in the fiscal year. Dr. Bernd Drouven was a member of the Executive Board and Chief Executive Officer until December 31, 2011. Mr. Peter Willbrandt was appointed Chief Executive Officer effective January 1, 2012. Mr. Erwin Faust is the Chief Financial Officer. The operating sector is divided into three business units. Dr. Stefan Boel is responsible for Business Unit Copper Products, Dr. Michael Landau for Business Unit Recycling/Precious Metals and Mr. Peter Willbrandt for 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 strategy, planning, business development, important business transactions and the Group's risk situation including 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 are given.

The Executive Board takes diversity into account when filling management positions in the Company and gives attention to female applicants in particular.

### 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 Personnel Committee submits corresponding suggestions

to the Supervisory Board. 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 favor 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 meets without the Executive Board as necessary.

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.

### 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 February 29, 2008.

The Supervisory Board has not specified any concrete objectives regarding its composition. The Supervisory Board will continue in the 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, potential conflicts of interest, the age limit for Supervisory Board members, the number of independent Supervisory Board members in terms of Section 5.4.2 of the Corporate Governance Code and diversity are taken into account.

Former Aurubis AG Executive Board members have not been represented in the Supervisory Board thus far. The Supervisory Board has a suitable number of independent members who do not have a personal or professional relationship with the Company, its Supervisory Board or Executive Board, a controlling shareholder or someone connected with an associated company, which could be cause for a significant conflict of interest that is not merely temporary. 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.

### **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.

#### **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 primary task of monitoring the accounting process, the effectiveness of the internal control system and the internal auditing system, the annual audit and especially the independence of the auditors, the additional services performed by the auditors, the appointment of the auditors, the determination of the focuses of the audit and the agreement of the fee as well as compliance. The Audit Committee Chairman during the fiscal year, Dr. Ernst J. Wortberg, 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. He is not a former member of the Company's Executive Board whose appointment ended less than two years ago.

#### **Nomination Committee**

The Nomination Committee only has 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.



### AVOIDING CONFLICTS OF INTEREST

The mandates of the Supervisory Board members in other legally formed Supervisory Boards and comparable German and foreign controlling bodies are included in the list of the Executive and Supervisory Boards 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 non-Group companies with comparable requirements. Related parties are presented in the notes to the financial statements.

In the last fiscal year no conflicts of interest occurred among Executive Board or Supervisory Board members that should have been disclosed to the Supervisory Board Chairman and the other Executive Board members. There were no consulting or other service or work contracts between Supervisory Board members and the Company in the reporting year either.

### RETENTION IN THE D&O INSURANCE

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.

### 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 behavior and decisions and provides orientation for corporate activities. The values and the code of conduct are published on the homepage at [www.aurubis.com](http://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 utilization 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 authorize 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 online. 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.

## CONTROLLING AND 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 minimized. Risk management reports regularly to the Executive Board and the Supervisory Board's Audit Committee. 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 Modernization Act (BilMoG).

## TRANSPARENCY

Aurubis AG regularly informs the participants in the capital market and the interested general public about the Group's economic situation and new facts. The annual report, half-yearly reports and the quarterly interim reports are generally published within the stipulated periods. Press releases and, if necessary, ad hoc announcements provide information on current events and new developments. Information is made available in German and English and is published in a printed form or via suitable electronic media. 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% 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 people 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 following member of the Supervisory Board informed the Company that she had acquired or sold no-par-value shares in the Company in the period from October 1, 2011 to September 30, 2012:

» Renate Hold: sold 380 no-par-value shares

The Company then reported this information to the Federal Financial Supervisory Authority and published it. Dealings from past years are published on Aurubis AG's website.

The Executive Board and Supervisory Board held less than 1% of the shares issued by the Company as at September 30, 2011.

### 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 2011/12 and the HGB financial statements 2011/12 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 audits were 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, December 2012

The Executive Board



Peter Willbrandt  
*Chairman*



Dr. Michael Landau  
*Member*

# GLOSSARY

## Anode slimes

A product of the copper tankhouse which settles on the bottom of a tankhouse cell. Contains precious and non-soluble components of the anode, including silver, gold, selenium and lead in particular.

## Blister copper

Unrefined porous copper. During solidification, dissolved gases form small blisters in the copper. Blister copper is also purchased as a raw material.

## COMEX

Commodity exchange located in New York on which copper and other materials are traded. Especially important for the American market.

## Commodity

A term for materials mostly traded on the exchanges, including nonferrous metals such as copper, tin and lead as well as precious metals, but also crude oil, grain and coffee.

## Compliance

Compliance means conforming to a specification or policy that has been clearly defined. Apart from laws, directives and other standards, it also refers to corporate guidelines (e.g., codes of conduct).

## Continuous cast wire rod

Semi-finished product produced in a continuous process for the fabrication of copper wire. Standard diameter: 8 mm. Other dimensions can also be supplied.

## Converter

Metallurgical furnace in which metal production or refining processes are typically carried out through oxidation. Copper matte from the flash smelter is treated in the converter into blister copper.

## Copper cathodes

Quality product of the copper tankhouse (copper content 99.99%) and the first marketable product in copper production which can be sold on the metal exchanges.

## Copper concentrates

A product resulting from the processing (enriching) of copper ores, the Aurubis Group's main raw material. Since copper is found almost exclusively in ores in compound form and in low concentrations (0.5 to 4% copper content), the ores are enriched in processing facilities into concentrates (copper content of 25 to 40%) after extraction from the mine.

## Copper tankhouse

In the copper tankhouse an electrochemical process, the last refining stage in copper recovery, takes place. Anodes and cathodes are hung in a sulfuric acid solution (electrolyte) and connected to an electric current. Copper and base elements (e.g., nickel) are dissolved in the electrolyte. Copper from the solution is deposited on the cathode with a purity of 99.99%. More precious metals (e.g., silver and gold) and insoluble components settle as so-called anode slimes on the bottom of the tankhouse cell.

## Flash smelter

First phase in the processing of copper concentrate. The concentrate, which is suspended in a reaction shaft, reacts with oxygen and is melted through the heat released. Sulfur and iron are separated into intermediary products. The copper is then enriched in the copper matte (copper content about 65%).

### Iron silicate

A by-product of copper production in the refining process. Formed using sand from iron chemically bonded to copper concentrates and recycling raw materials. Is mainly used in the construction industry as granules/sand or in a lumpy form.

### KRS

Kayser Recycling System; a state-of-the-art recycling plant in Lünen for the treatment of a wide range of copper-bearing secondary raw materials.

### KRS-Plus

Expansion of the existing KRS facility that includes a top blown rotary converter and a slag separation and holding furnace.

### LME

London Metal Exchange: the most important metal exchange in the world with the highest turnover.

### Primary copper

Copper recovered from copper ores.

### Recycling materials

Materials in a closed loop economy. They arise as residues from production processes or during the preparation of end-of-life products and rejects and are ideal for recycling.

### RWO

The primary smelter at Aurubis AG's production site in Hamburg.

### Secondary copper

Copper produced from recycled material.

### Shape surcharge

Fee for processing copper cathodes into copper products.

### Smelter

A part of a plant or company in which crude metal or bullion is recovered. Typical products are lead bullion or blister copper.

### Spot market

Daily business: market for prompt deliveries.

### Top blown rotary converter (TBRC)

A single-stage pyrometallurgical facility for the recovery of precious metals from the anode slimes in the copper tank-house.

### Treatment and refining charges (TC/RCs)

Compensation which Aurubis receives for processing ore concentrates and recycling raw materials into copper.

## Glossary of financial terms

### Capital employed

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

### 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 amortization) 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.

### 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.

### Net financial liabilities

Net financial liabilities consist of long and short-term financial liabilities incorporating net borrowings/receivables from affiliated companies 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 utilized to generate earnings in the period under review.

# FINANCIAL CALENDAR 2013

<b>February 14, 2013</b>	Interim Report on the First 3 Months 2012/13
<b>February 28, 2013</b>	Annual General Meeting
<b>May 14, 2013</b>	Interim Report on the First 6 Months 2012/13
<b>August 13, 2013</b>	Interim Report on the First 9 Months 2012/13

Our fiscal year begins on October 1 and ends on September 30.

# IMPRINT

*If you would like more information, please contact:*

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## **Concept, consulting & design**

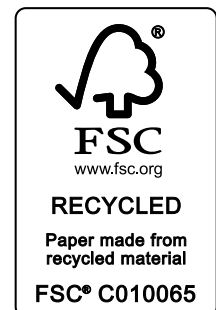
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## **Disclaimer**

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.







The background of the page is a dark, industrial scene with a glowing orange and yellow light source, possibly a furnace or a large industrial container, creating a dramatic, high-contrast atmosphere. The light source is located in the lower right quadrant, casting a warm glow across the scene.

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