



# 2/2008

Report for the first half-year 2008



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## Letter to the shareholders

**Dear Shareholders,  
Dear Employees and Friends of our company,**

We have successfully concluded the second quarter too – and consequently the entire first half-year. We have cleared the way ahead for the growth of AURELIUS with more promising acquisitions and the preparation of the first sale of an industrial holding. Looked at in detail, the development of our group in the first half of the year compared to the same period last year as follows:

- Group revenues rose to 298.9 million euros from 41.2 million euros (+625.3 %).
- The earnings before interest, taxes, depreciation and amortization (EBITDA) improved to 17.5 million euros from 7.9 million euros (+121.0 %).
- The earnings per share consequently amounted in the first half-year to 0.86 euros after 0.57 euros in the previous year (+50.9 %).

As usual, these figures include both positive as well as negative one-off effects, arising in the course of the initial consolidation of the purchased companies. The positive one-off effects – the negative differential amounts arising upon the initial consolidation from the capital consolidation (badwill) – amounted in the first half-year of 2008 to 5.3 million euros (previous year: 2.5 million euros). The negative one-off effects, resulting from restructuring expenses already incurred and to be expected of the new group subsidiaries, amounted by contrast to 2.9 million euros (previous year: 1.3 million euros).

Among the subsidiaries, several have in the meantime successfully undergone the repositioning process and as the half-year elapsed, reaped clearly positive profit contributions.

The sale of subsidiaries as the final stage of our value-added chain is picking up speed too: the good market position of our steel engineering service provider KWE has aroused the purchasing interest of a strategic investor, the Austrian Kresta Group. Due to the sale of the company, which had been successfully repositioned in the previous two years, we were able to achieve a profit in the mid single digit million range.

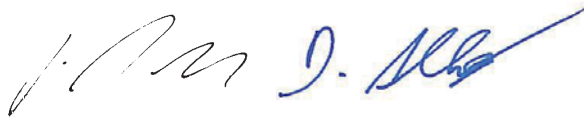
As before, the sub-prime crisis continues to dominate trends on the international financial markets. In the meantime, the associated recession in the USA is also having an effect on the business cycle in Germany. For AURELIUS this produces more advantages than disadvantages: the current restraint of banks in granting loans has resulted in increasing the challenges in financing and to AURELIUS becoming attractive as an alternative source of financing. This is particularly the case, since we finance our acquisitions almost completely with equity. At 41.9 million euros our bank debts in the first half-year were only responsible for a small portion of our balance sheet total and our liquid funds of 47.5 million euros exceeded the total of all bank debts.

The positive business development of our present holdings and the successful acquisition of Berentzen and RTL Shop in the current third quarter meant that the sales target we previously projected for 2008 of a billion euros for the annualized group sales will be clearly exceeded. At the same time we expect that all profit figures will be well above those for the previous year. We look forward to your continuing loyalty and would be pleased if you accompany AURELIUS into a promising future.

The Board of AURELIUS AG



Dr. Dirk Markus



Gert Purkert



Donatus Albrecht



Ulrich Radlmayr

## Important key figures

		half-year 2008	half-year 2007	change
Group revenues	in mEUR	298.9	41.2	625.3 %
Group revenues (annualised)*	in mEUR	804.1	121.4	562.5 %
EBITDA	in mEUR	17.5	7.9	121.0 %
Consolidated earnings	in mEUR	7.7	4.9	59.2 %
Cash flow from operating activities	in mEUR	5.3	6.0	-12.2 %
Cash flow from financing activities	in mEUR	1.0	-10.0	-
Free Cash flow	in mEUR	6.3	-4.0	-
Assets	in mEUR	403.2	331.7	21.6 %
- thereof cash and cash equivalents	in mEUR	47.5	36.9	28.8 %
Liabilities	in mEUR	271.5	210.9	28.7 %
- thereof towards banks	in mEUR	41.9	19.1	118.8 %
Equity**	in mEUR	84.4	75.4	11.4 %
Equity ratio**	in %	20.9	22.7	-8.4 %
Earnings per share	in EUR	0.86	0.57	50.9 %
Number of employees on the reporting date		3,070	1,103	178.3 %

\* from first-time consolidated investments

\*\* Including minority interests

## Capital development

The **SHARE CAPITAL** of AURELIUS AG on 30 June 2008 remained unchanged at 9,015,000 euros. It is divided into 9,015,500 no-par value shares with an arithmetical share in the nominal capital of 1.00 euro. Currently, the company does not hold any of its own shares. Hence, the number of **ISSUED SHARES** likewise amounted to 9,015,500.

On the reporting date, the company had **AUTHORIZED CAPITAL** of 3,866,950 euros. Consequently, the Management Board has been authorized to raise the nominal capital by up to 3,866,950 new no-par value shares against contributions in cash or kind by 26 June 2012 subject to the approval of the Supervisory Board. The subscription right of the shareholders may be excluded in this connection.

## Sales and earnings development

In the first half-year of 2008, the acquisition and initial consolidation of KTD aythea Kommunikationstechnik GmbH (formerly SAG Kommunikationstechnik GmbH) and of connectis AG (formerly sunrise business communications AG) were successfully concluded. In addition, the Mode & Preis-Gruppe was acquired in the first half-year and included for the first time in the consolidated financial statements of the AURELIUS AG as part of the equity valuation.

The **REVENUE** from all business divisions of AURELIUS in the first half-year of 2008 was divided as follows:

mEUR	01/01-06/30/2008	01/01-06/30/2007
Quelle Frankreich Group	102.1	-
Wellman International	57.4	-
Westfalia Van Conversion	26.2	-
KTD aythea Kommunikationstechnik	22.5	-
Schabmüller Group	21.9	13.5
Pohland Herrenkleidung	19.3	-
Einhorn Mode Manufaktur	13.0	-
DFA – Transport und Logistik	12.2	10.3
Schleicher Electronic	9.5	-
GHOTEL Group	8.9	7.8
Richard Scherpe Group	5.3	6.3
Other	0.6	3.3
<b>Continued operations</b>	<b>298.9</b>	<b>41.2</b>
Discontinued operations	6.5	19.9
<b>Total revenue</b>	<b>305.4</b>	<b>61.1</b>

The sales and earnings of the subsidiaries acquired during the year will only be reflected in the consolidated financial statements from the time of the initial consolidation and consequently are only taken into account on a pro rata basis. Extrapolated to 2008 as a whole, this would produce **ANNUALIZED CONSOLIDATED SALES** of about 804.1 million euros compared to 121.4 million euros in the previous year (+562.5 %).

**OTHER OPERATING INCOME** amounted to 23.4 million euros in the first half-year of 2008. It includes income from **WRITING BACK OF NEGATIVE DIFFERENTIAL AMOUNTS** from the acquisition of KTDa and connectis amounting to 5.4 million euros.

The **COST OF MATERIALS** from all business divisions of AURELIUS in the first half-year of 2008 was divided as follows:

mEUR	01/01/-06/30/2008	01/01/-06/30/2007
Quelle Frankreich Group	47.8	-
Wellman International	38.9	-
Westfalia Van Conversion	19.4	-
KTD aythea Kommunikationstechnik	12.3	-
Schabmüller Group	10.4	6.4
Pohland Herrenkleidung	10.1	-
Einhorn Mode Manufaktur	7.0	-
DFA – Transport und Logistik	4.8	4.0
Schleicher Electronic	4.3	-
Richard Scherpe Group	2.8	3.7
GHOTEL Group	2.4	1.2
Other	-	2.7
<b>Continued operations</b>	<b>160.2</b>	<b>18.0</b>
Discontinued operations	5.7	12.8
<b>Total cost of materials</b>	<b>165.9</b>	<b>30.8</b>

The earnings before interest, taxes, depreciation and amortization (**EBITDA**) increased to 17.5 million euros after 7.9 million euros in the previous year (+121.0 %). Earnings before tax (**EBT**) rose to 8.4 million euros from earnings of 5.6 million euros in the previous year (+49.6 %). After deduction of taxes on income and on profits of 0.2 million euros and minority shares in the consolidated earnings of 0.5 million euros, AURELIUS generated **CONSOLIDATED EARNINGS** in the reporting period of 7.7 million euros following 4.9 million euros in the previous year (+57.7 %). This corresponds to an undiluted profit per share of 0.86 euros (previous year: 0.57 euros).

## Development of key balance sheet items

The **BALANCE SHEET TOTAL** increased in the first half-year of 2008 from 331.7 million euros to 403.2 million euros (+21.6 %). The increase resulted from the initial consolidation of KTDa and connectis. The **INTANGIBLE ASSETS** amounting to 18.3 million euros in particular include regular customers taken on and brands and rights of the holdings acquired. An increase in **INVENTORIES** by 18.1 million euros to 104.9 million euros also resulted from the initial consolidations made in the first half-year. In addition, the current assets primarily include **TRADE RECEIVABLES** amounting to 73.2 million euros and **CASH AND CASH EQUIVALENTS** of 47.5 million euros in total.

The **LIABILITIES** rose during the reporting period to 271.5 million euros after 210.9 million euros in the previous year (+28.7 %). They are basically composed out of **TRADE PAYABLES** amounting to 106.5 million euros, **FINANCIAL LIABILITIES** of 49.2 million euros, **PROVISIONS** of 34.8 million euros and **PENSION OBLIGATIONS** of currently 12.5 million euros.

**EQUITY** on the reporting date was 84.4 million euros after 75.4 million euros in the previous year (+11.4 %). This corresponds to a minor decline in the equity ratio from 22.7 to 20.9 percent.

## Employee development

On 30 June 2008 the AURELIUS Group employed a total of 3,070 full-time staff compared to 1,103 employees at the same time in the previous year (+178,3 %). Consequently, on average 3,045 employees were employed by the Group compared to 1,072 employees in the first half-year of 2007.



The **PERSONNEL EXPENSES** of all business divisions of AURELIUS in the first half-year of 2008 were divided as follows:

mEUR	01/01/-06/30/2008	01/01/-06/30/2007
Quelle Frankreich Group	12.4	-
Wellman International	11.9	-
KTD aythea Kommunikationstechnik	6.9	-
Schabmüller Group	6.3	3.9
Westfalia Van Conversion	6.4	-
Pohland Herrenkleidung	4.7	-
Schleicher Electronic	3.7	-
DFA – Transport und Logistik	4.2	3.8
Richard Scherpe Group	1.9	2.1
Einhorn Mode Manufaktur	1.7	-
GHOTEL Group	1.2	1.1
Other	1.3	-
<b>Continued operations</b>	<b>62.6</b>	<b>10.9</b>
Discontinued operations	3.2	6.8
<b>Total personnel expenses</b>	<b>65.7</b>	<b>17.7</b>

### Important events after the reporting date 30 June 2008

AURELIUS acquired 75.1 percent of the voting ordinary shares of the Berentzen Group AG, Haselünne, with the purchase agreement of 22 July 2008 to the owners. The owners of the preferred shares AURELIUS has made an official takeover bid for their shares. Berentzen is established as a premium beverages manufacturer on the German market with numerous brands such as Puschkin vodka, Doornkaat, Bommerlunder and the core brand Berentzen. In addition, the company sells international license brands such as Licor 43 and Linie Aquavit. As the biggest German Pepsi Cola concession holder and manufacturer of wellness and refreshment beverages, Berentzen is also successfully active on the market for non-alcoholic beverages. Confidentiality was agreed on the purchase price. The closing of the transaction is still object to the approval of the anti-trust authorities. Subsequently the first consolidation of the company will be pursued within the 3rd quarter 2008.

AURELIUS together with a financial investor acquired all shares in the RTL SHOP GmbH, Hanover, from the media group RTL Deutschland, with the purchase agreement of 28 July 2008. The company markets only sells a wide range of goods from electric devices, household goods and cosmetic products to fashion via teleshopping productions especially produced for this purpose and the Internet. In 2007

the company generated sales of about 83 million euros with about 170 employees. With a market share of eight percent and a technical range of about 24 million households, RTL SHOP after QVC and HSE24 is the third-largest provider in the area of home shopping in the German-speaking area. The company will be included in the consolidated financial statement of the AURELIUS AG for the first time in the third quarter of 2008. Confidentiality was agreed on the purchase price. The closing of the transaction is still object to the approval of the anti-trust authorities. Subsequently the initial consolidation of the company will be pursued within the first quarter 2008.

With the purchase agreement of 28 July 2008 AURELIUS sold its portfolio company KWE Stahl- und Industriebau GbmH & Co. KG including the wholly-owned subsidiary KWE Ludwigshafen GmbH to the Austrian Kresta Group. Kresta operates as an integrated and internationally active steel and plant manufacturer and provides its industrial customers with complete solutions ranging from engineering and manufacturing to assembly. KWE with its headquarters in Wesseling (Cologne) is one of the leading German providers of steel construction engineering for the chemical and petro-chemical industry and operates in the area of plant construction and the maintenance of steel construction fabric within industrial plants. In 2007 KWE had sales of about 26 million euros and currently employs about 110 employees at twelve German locations. After the successful conclusion of operative restructuring measures, which had been carried out by AURELIUS since 2006, the ground was laid for successful development and growth at KWE.

The Annual General Meeting of 10 July, 2008, agreed on the revocation of the Authorized Capital 2007/1 and the establishment of an Authorized Capital 2008/1. The Management Board has been authorized to raise the nominal capital by up to 4,507,750 new no-par value shares against contributions in cash or kind by 10 July 2013 subject to the approval of the Supervisory Board. The subscription right of the shareholders may be excluded in this connection.

On 6 August 2008, AURELIUS successfully placed a capital increase with institutional investors. In the course of this transaction the nominal capital of the company increased by 306,750.00 euros to 9,322,250.00 euros. The issue amount of 306,750 no-par value shares was set at 16.30 euros. The premium of 4,693,275.00 euros was allocated to the capital reserves. Overall, this provided the company with about five million euros in liquidity. The capital increase occurred to the exclusion of the subscription right of the shareholders.



## Reports on the holdings

In the first six months of 2008, AURELIUS AG's holdings continued to develop successfully. After acquiring Mode & Preis in the second quarter, AURELIUS took over the Swiss system integrator, connectis (formerly Sunrise Business Communications), in June. This increased its number of holdings to a total of 14 companies as at the reporting date of 30 June.

Table: AURELIUS AG's holdings portfolio as at 30 June 2008 (by date of acquisition)

Holding	Share	Date of acquisition
DFA – Transport und Logistik	100.0 %	July 2006
Richard Scherpe Group	100.0 %	August 2006
GHOTEL Group	100.0 %	September 2006
KWE Group	100.0 %	December 2006
Schabmüller Group	100.0 %	March 2007
Quelle Frankreich Group	100.0 %	July 2007
Schleicher Electronic	100.0 %	July 2007
Wellman International	100.0 %	July 2007
Pohland Herrenkleidung	100.0 %	October 2007
Einhorn Mode Manufaktur	100.0 %	November 2007
Westfalia Van Conversion	100.0 %	November 2007
KTD aythea Kommunikationstechnik	100.0 %	November 2007
Mode & Preis Versandhandelsgesellschaft	24.8 %	May 2008
connectis	100.0 %	June 2008

As expected, the realignment of individual holding companies ran according to plan. Moreover, in the second quarter of 2008, the following companies reached significant milestones in their development:



## DFA – Transport und Logistik

The special goods logistics company, DFA, has many years' experience of providing construction logistics services. One particular area of expertise is transport and the disposal of low-level radioactive waste. The company is involved in large projects, both at local authority level in Germany and across Europe.

### Current developments

DFA has been part of AURELIUS AG's portfolio since July 2006. Its realignment is complete for the time being and the company is now in a growth phase.



## Richard Scherpe Group

Scherpe is a printing service-provider specializing in the production of labels and forms. From the electronic transfer of data via IT interfaces, to the planning and control of the printing process, right through to the logistical processing of the order, Scherpe offers its customers all these services from a single source.

### Current developments

In the last quarter, Scherpe sold both its commercial properties on the Norderstedt and Düren sites on the basis of a "sale and lease back" agreement. The cash flows from the transaction affecting liquidity are in the lower single-digit million range and adequately reflect the surveyed market value of the properties.



### GHOTEL Group

GHOTEL runs hotels and apartment blocks in central locations in major German cities, such as Hamburg, Hanover, Frankfurt, Stuttgart and Munich. At a total of 16 locations, GHOTEL offers an attractive ambience, first-rate conference rooms and modern living solutions such as temporary accommodation for instance in its modern business and leisure hotels.

#### Current developments

In the second quarter, the company made use of the option to extend its tenancy agreements for its Munich-Landwehrstraße and Munich-Leonrodstraße locations. In doing so, GHOTEL has secured the currently attractive market conditions in first-class locations until 2019 and improved long-term planning security for the Group.



### KWE Group

In Germany, KWE is a market-leading specialized steel construction service-provider for the chemical and petrochemical industry. KWE's services include maintenance and servicing of existing steel constructions as well as advice on and design of new steel construction projects of various types.

#### Current developments

After the reorganization of KWE's operations had been brought to a successful close, AURELIUS began negotiations with a strategic investor regarding the sale of the subsidiary in the second quarter. The transaction was then completed successfully in the third quarter of 2008. The purchaser is the Austrian Kresta Group, which, as an industrial plant and equipment construction firm, offers all services from a single source, from engineering, manufacture, assembly and insulation through to commissioning.



### Schabmüller Group

As a leading international manufacturer of electrical drive systems, Schabmüller operates mainly in the development, production and sale of electric AC and DC motors. The company's products are used in fork-lifts and yachts as well as in generators and components for hybrid systems for example.

#### Current developments

In the area of Research & Development, Schabmüller entered into a cooperation agreement regarding the development of new technologies for direct drives and hybrid systems in the second quarter. The Group is working on the design details of the drive systems, while the development partner is taking over the basic research.

The prototype phase has been successfully completed on a major, pioneering project in the area of hybrid technology for construction machinery. Upon successful completion of the impending test phase, the product will be approved for serial production.

In the last quarter, the company moreover succeeded in attracting new customers and orders for its motors based on DC technology.

## QUELLE

### Quelle Frankreich Group

The Quelle Frankreich Group operates in two business areas: Quelle La Source makes the company France's fourth largest mail order company. At the same time, the firm has successful operations with the bank, Compagnie de Gestion et des Prêts (CDGP), in the high-margin market for consumer credit.

#### Current developments

In the second quarter, Quelle La Source managed to halt the downward trend in sales caused by the high level of restraint shown by consumers. Pressing ahead with Internet and e-mail marketing ensured that sales grew significantly in the online business.

The favorable business performance at CDGP has continued. For the bank's customer credit card, the "Carte Privilège", the Group managed to find other companies outside the Quelle Group willing to allow CDGP customers to pay cashless in future.



### Schleicher Electronic

Schleicher develops and produces highly efficient control systems for the construction of machinery and special machinery. To this end, the company combines process, motion and numerical functions in a single control system. In cooperation with its customers, Schleicher is developing customized solutions, from individual components through to complex complete concepts.

#### Current developments

In the second quarter, Schleicher completed the sale of its commercial property at its head quarters in Berlin-Spandau. When selecting a new site, optimum suitability of the premises for Schleicher's production and materials management requirements will be given priority.

Moreover, a new working time scheme has been implemented. Introducing the 38-hour working week, while at the same time bringing in flexible working hours, should result in a better matching of staffing requirements to workload. At the same time, a performance-related salary component was introduced. The changes received the full approval of IG-Metall.



### Wellman International

Wellman is, at one and the same time, market leader in the production of polyester fibers and Europe's largest recycler of disposable PET bottles. In total, the company recycles roughly ten per cent of all PET containers collected across Europe. The company reprocesses approximately 80 per cent of the granulated material from recycling PET into technical polyester fibers. It sells the remaining 20 per cent on to the packaging industry where demand is soaring.

#### Current developments

In the second quarter, sales structures, particularly in Germany, were beefed up with extra staff and their quality improved. The technical expertise of the sales force will allow Wellman to adopt an even more solution-oriented sales approach when catering for the needs of customers in future (solution selling). The company has succeeded in attracting accredited industry specialists for this purpose.

Thanks to targeted investments in research and development, the company has developed product innovations in the area of technical fibers. These new materials are reprocessed into sanitary products or environmentally-friendly insulation materials for example. As these are highly innovative projects, the Irish government is supporting Wellman with state subsidies.

Measures introduced with a view to improving quality and efficiency are continuing to pay off for the company. In the second quarter, the company set a new record for manufacturing output, while at the same time improving product quality.



# POHLAND

Bleiben Sie anspruchsvoll

## Pohland Herrenkleidung

The up-market men's clothing store, Pohland, runs nine boutiques in North-Rhine Westphalia, Lower Saxony, Hessen and Rheinland-Pfalz. The company presents its discerning clientele with a high-quality offering, from leisure wear and business wear to occasion wear. The middle to top price range includes makes such as Boss, Joop, Polo Ralph Lauren or Armani.

### Current developments

In the second quarter, Pohland introduced a uniform clothes tagging system in its branches. This measure should rapidly reduce inventory discrepancies significantly. For the first time, the company has introduced a customer loyalty system, the "Pohland Premium Card". The new customer card increases customer loyalty to Pohland and at the same time facilitates targeted canvassing of high-turnover customer groups.

Moreover, a controlling system has been introduced at market, product and area level. This should soon improve the transparency of respective product margins and result in a sustainable increase in gross profit.

# EINHORN

## Einhorn Mode Manufaktur

Einhorn is a leading supplier of high-quality men's shirts and exclusive ladies' blouses. The company's products stand out on account of their exquisite quality, technological textile innovations and a distinctive design featuring stylish details. In addition to own-brand Einhorn products, the company manufactures licensed products for other prestigious brand manufacturers, such as Tommy Hilfiger for example.

### Current developments

The company has been pressing ahead with its expansion of key account management. It signed key account contracts with prestigious men's clothing stores such as Peek & Cloppenburg, Pohland and Hirmer in the second quarter – a noteworthy milestone in the company's development.

The company's management also saw some changes. With Michael Krieger and Andreas Baur, the company is now headed by two proven specialists in re-positioning and marketing. As part of its drive to focus on high-margin product areas, Einhorn has decided to discontinue the ladies' blouse business area on delivery of the autumn/winter collection. In future, the company will position itself on the market exclusively as a manufacturer of high-quality men's shirts.



### Westfalia Van Conversion

As Germany's market leader, Westfalia manufactures top class mobile homes for prestigious automobile manufacturers for the active leisure market. The vehicles are based on existing van models which are adapted accordingly. The company has over 50 years' experience in this market. In 2007, in addition to made-to-order production, Westfalia began to sell mobile homes under its own company name.

#### Current developments

Westfalia's sales structure was overhauled in the second quarter. Sales expansion is currently focused directly on the French, Italian and Polish, as well as German markets.

In the second quarter, Westfalia organized its first international dealership conference with a view to strengthening the existing sales network. In addition to introducing product innovations, another particular focus of the event was presenting the company's new image (logo, Internet, advertizing themes etc.) as well as sales promotion.

In June the company was given proof that the new vehicles will set standards in future, including in design. Westfalia was awarded the much-coveted and internationally recognized Red Dot Design Award for the "WestVan" model.



### KTD aythea Kommunikationstechnik

KTDa (formerly SAG Kommunikationstechnik) is an infrastructure service-provider operating nationwide. It specializes in the planning, setting up and maintenance of mobile phone masts and other communication technology equipment. The manufacturer-independent company ranks as one of the market leaders in this segment, both in terms of sales and quality.

#### Current developments

In the second quarter of 2008, KTDa prepared for the scheduled carve-out of its installation services. The lean and more competitive structure of companies founded specifically for this purpose should help the company to focus on the areas of directional radio, project management, system technology and maintenance. Furthermore, the company succeeded in winning its first project in industrial solar plant construction. In doing so, KTDa is not only reducing its dependence on individual customers in the area of mobile telephony, but also creating a further prop for itself in the pioneering solar industry.

In addition, KTDa will in future rely on consistent factoring in order to improve its financing mix.



## Mode & Preis

With its subsidiaries in Slovakia, Slovenia, the Czech Republic and Switzerland, Mode & Preis, in which AURELIUS AG has a minority holding, is a leading special catalog-based mail-order company focusing on low-priced ladieswear, menswear and childrenswear. The range also includes home and garden products. The company has a customer base dating back many years in Germany, as well as established relationships with suppliers.

### Current developments

Following the acquisition of the mail-order specialist in May 2008, the first steps towards reorganization were taken in the last quarter. As part of further expansion in Eastern Europe, an extensive cooperation agreement was entered into. As of 2009, further growth potential in one of the largest sales regions of the world will therefore be opened up for Mode & Preis.

In addition, the company took the first steps towards optimizing internal structures. In addition to personnel restructuring, switching current service-providers, such as call center operators and logistics partners, will bring annual savings of over a million euros.



## connectis

The Swiss system integrator, connectis (formerly sunrise business communications), offers its customers solutions for secure networks and applications in voice, data and video communication. The company offers planning, implementation, maintenance and operation of system solutions from a single source and is official partner to Cisco Systems and Nortel Networks.

### Current developments

After AURELIUS had taken over the company from the Swiss telecommunications firm, Sunrise, in June, preparations were made for the first steps towards positioning as an independent company. This included officially changing the name of the company formerly known as "sunrise business communications" to the name it is currently known by "connectis" at the beginning of the third quarter.

Since it has been possible to keep up the company's long-established customer relationships even after the spin-off from its former parent company, Sunrise, the plan is to go ahead with the continued expansion with the same staff.

## Income statement

of the AURELIUS Group, Munich, from January 1 to June 30, 2008

<b>Continued Operations</b>			
in TEUR	Notes	01/01-06/30/2008	01/01-06/30/2007
1. Revenues	2.1	298,901	41,211
2. Change in inventories of finished goods and work in progress		1,873	14
3. Other operating income	2.2	23,366	4,521
4. Income from associates		4,067	-
5. Cost of materials	2.3	-160,156	-18,032
6. Personnel expenses	2.4	-62,580	-10,875
7. Other operating expenses		-87,959	-8,916
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>17,510</b>	<b>7,923</b>
8. Depreciation and amortization on intangible fixed assets and tangible assets		-7,641	-2,136
<b>Earnings before interest and tax (EBIT)</b>		<b>9,869</b>	<b>5,787</b>
9. Depreciation of financial assets		-454	-
10. Other interest and similar income		1,058	106
11. Interest and similar expense		-2,120	-310
12. Earnings before tax (EBT)		8,353	5,583
13. Taxes on income		-156	-510
14. Consolidated profit for the period before minority interests		8,197	5,073
15. Consolidated profit attributable to minority interests		-472	-174
16. Consolidated profit for the period		7,725	4,899
17. Results from discontinued operations		176	-235
18. Consolidated retained profits brought forward		48,266	1,939
<b>19. Consolidated retained profits</b>		<b>56,167</b>	<b>6,603</b>
Earnings per share			
- undiluted in €		0.86	0.57
- diluted in €		0.81	0.57

## Income statement

of the AURELIUS Group, Munich, from April 1 to June 30, 2008

<b>Continued Operations</b>			
in TEUR	Notes	04/01-06/30/2008	04/01-06/30/2007
1. Revenues	2.1	150,834	26,548
2. Change in inventories of finished goods and work in progress		3,235	-188
3. Other operating income	2.2	9,987	1,299
4. Income from associates		3,397	-
5. Cost of materials	2.3	-84,388	-12,433
6. Personnel expenses	2.4	-32,132	-6,753
7. Other operating expenses		-41,132	-5,029
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>9,801</b>	<b>3,444</b>
8. Depreciation and amortization on intangible fixed assets and tangible assets		-3,727	-1,262
<b>Earnings before interest and tax (EBIT)</b>		<b>6,074</b>	<b>2,182</b>
9. Depreciation of financial assets		-291	-
10. Other interest and similar income		697	48
11. Interest and similar expense		-1,179	-191
12. Earnings before tax (EBT)		5,301	2,039
13. Taxes on income		-343	-632
14. Consolidated profit for the period before minority interests		4,958	1,407
15. Consolidated profit attributable to minority interests		-183	-19
16. Consolidated profit for the period		4,775	1,388
17. Result from discontinued operations		535	162
18. Consolidated retained profits brought forward		50,857	5,053
<b>19. Consolidated retained profits</b>		<b>56,167</b>	<b>6,603</b>
Earnings per share			
- undiluted in €		0.55	0.16
- diluted in €		0.50	0.10

## Balance sheet

of the AURELIUS Group, Munich, as of June 30, 2008

### Assets

in TEUR	Notes	06/30/2008	12/31/2007
<b>Non-current assets</b>			
Intangible assets		18,305	14,394
Property, plant and equipment	3.1	75,016	73,457
Financial assets		25,372	20,450
Deferred tax assets		9,894	5,715
<b>Total non-current assets</b>		<b>128,587</b>	<b>114,016</b>
<b>Current assets</b>			
Inventories	3.2	104,946	86,852
Receivables from construction contracts		5,350	-
Trade receivables	3.3	73,241	46,809
Tax assets		2,709	3,760
Other current assets		27,032	28,519
Cash and cash equivalents		47,524	36,898
Disposal groups held for sale		13,807	14,835
<b>Total current assets</b>		<b>274,609</b>	<b>217,673</b>
<b>Total assets</b>		<b>403,196</b>	<b>331,689</b>

## Balance sheet

of the AURELIUS Group, Munich, as of June 30, 2008

### Equity and liabilities

in TEUR	Notes	06/30/2008	12/31/2007
<b>Equity</b>			
Subscribed capital		9,015	9,015
Capital reserves		9,220	8,878
Consolidated net retained profits		56,168	48,266
Consolidated equity before minority interests		74,403	66,159
Minority interests		9,957	9,285
<b>Total equity</b>		<b>84,360</b>	<b>75,444</b>
<b>Non-current liabilities</b>			
Pension obligations		12,547	12,533
Provisions	3.4	10,217	17,744
Non-current financial liabilities	3.5	24,792	25,982
Non-current other liabilities		26,489	22,263
Deferred tax liabilities		9,532	9,770
<b>Total non-current liabilities</b>		<b>83,577</b>	<b>88,292</b>
<b>Current liabilities</b>			
Provisions	3.4	24,550	15,021
Current financial liabilities	3.5	24,441	18,016
Trade payables		106,525	86,489
Liabilities from construction contracts		1,500	1,506
Liabilities from taxes on income		3,260	1,946
Other short term liabilities		68,643	37,973
Disposal groups held for sale		6,340	7,002
<b>Total current liabilities</b>		<b>235,259</b>	<b>167,953</b>
<b>Total equity and liabilities</b>		<b>403,196</b>	<b>331,689</b>

## Cash flow statement

of the AURELIUS Group, Munich, from January 1 to June 30, 2008

in TEUR	01/01/-06/30/2008	01/01/-06/30/2007
Earnings before income taxes (EBT)	8,353	5,583
Income from discontinued operations	176	-235
Income from reversal of negative consolidation differences	-5,338	-2,503
	8,158	2,849
Increase in pension provisions	15	-
Profit (-) / Loss (+) from the sale of assets	-444	39
Profit (-) / Loss (+) from the sale of financial assets	-105	-
Profit (-) / Loss (+) from foreign currency translation	207	-
Issue of stock options	342	-
Results from equity valuation and revaluation of financial assets	-4,063	-
Interest income	1,121	684
Interest received	1,311	61
Interest paid	-2,233	-600
Taxes paid	-2,636	-305
<b>Gross cash flow</b>	<b>4,864</b>	<b>5,573</b>
Change in Working Capital		
Decrease (+)/Increase (-) in inventories	-1,061	-176
Increase (-)/Decrease (+) in trade receivables and other assets	-5,089	-33
Increase (-)/Decrease (+) in trade payables, other liabilities and other provisions	8,569	740
Changes in other balance sheet items	-1,997	-86
<b>Net cash inflow from operating activities (net cash flow)</b>	<b>5,286</b>	<b>6,018</b>



## Cash flow statement (continued)

in TEUR	01/01/-06/30/2008	01/01/-06/30/2007
Cash paid for the acquisition of businesses	-1,926	-5,214
Cash acquired on the acquisition of businesses	11,619	17
Income from the sale of fixed assets	1,447	-
Cash paid for investments in fixed assets	-10,108	-4,807
<b>Net cash received from (+)/used in (-) investing activities</b>	<b>1,032</b>	<b>-10,004</b>
<b>Free Cash flow</b>	<b>6,318</b>	<b>-3,986</b>
Cash repayments of current financial liabilities	8,658	178
Cash receipts from non-current financial liabilities	-4,623	8,210
<b>Net cash inflow from financing activities</b>	<b>4,035</b>	<b>8,388</b>
Cash and cash equivalents at the beginning of the period	38,949	8,250
Change in cash and cash equivalents	10,353	4,402
<b>Sum of cash and cash equivalents</b>	<b>49,302</b>	<b>12,652</b>
Cash and cash equivalents	-1,778	-220
<b>Cash and cash equivalents at the end of the period</b>	<b>47,524</b>	<b>12,432</b>

## Statement of changes in equity

of the AURELIUS Group, Munich, from January 1 to June 30, 2008

in TEUR	Subscribed capital	Consolidated capital reserves	Consolidated Net retained profits	Minority interests	Consolidated equity
<b>January 1, 2008</b>	<b>9,015</b>	<b>8,878</b>	<b>48,266</b>	<b>9,285</b>	<b>75,444</b>
Issue of stock options	-	342	-	-	342
Consolidated profit	-	-	7,902	471	8,373
Disbursements to minorities	-	-	-	-938	-938
Issue of minorities	-	-	-	1.139	1.139
<b>June 30, 2008</b>	<b>9,015</b>	<b>9,220</b>	<b>56,168</b>	<b>9,957</b>	<b>84,360</b>

## Selected notes disclosures

### 1. General information

#### 1.1 Accounting policies

The report at the end of the first half-year of 2008 of AURELIUS was compiled in harmony with the provisions and regulations of the International Financial Reporting Standards (IFRS), which have been adopted by the European Union. Exceptions to this are the non-individualized representations of company acquisitions according to IAS 34.16 (i) in combination with IFRS 3.66 – 73. The contents of the half-year report were drawn up in accordance with IAS 34 “Interim reporting”.

The accounting methods applied in the past financial year were also continued and remained unchanged for this quarterly report. During the financial year, irregular expenses were only taken into account or differentiated if they were also taken into account or differentiated in the annual report. Earnings, which arose as a result of the purchase price allocation, are based on provisional statements. A final evaluation will be carried out in the course of the annual report preparations.

#### 1.2 Business cycle and seasonal influences on the course of business

Business cycle and seasonal influences have an effect in particular on the course of business of the individual holdings. To this extent reference is made in this regard to the reports on the holdings.

#### 1.3 Unusual circumstances

No unusual circumstances occurred, which influenced the assets, liabilities, equity, period earnings or cashflows and which due to their nature, extent or frequency were unusual for the business of AURELIUS AG. Business developments are explained in the first section of the half-year report.

#### 1.4 Changes to estimates from previous reports

There are no changes to estimates from previous reports.

#### 1.5 Changes in the consolidated companies

In the first half-year of 2008, KTD aythea (formerly SAG Kommunikationstechnik GmbH), Berlin, and connectis AG (formerly: sunrise business communications AG) underwent initial consolidation. In addition, the Mode & Preis-Gruppe, Lörrach, was included for the first time in the consolidated financial statement of the AURELIUS AG as part of the equity valuation. No companies left the consolidated companies in the first half-year of 2008. As a result of the sale planned of the KWE Group in the next twelve months the associated assets and liabilities were classified as held for sale.

## 2. Notes to selected items in the income statement

### 2.1. Revenues

in TEUR	01/01/-06/30/2008	01/01/-06/30/2007
Revenue from the sale of services	178,547	21,477
Revenue from the sale of goods	120,354	19,734
<b>Continued operations</b>	<b>298,901</b>	<b>41,211</b>
Discontinued operations	6,548	19,897
<b>Total revenues</b>	<b>305,449</b>	<b>61,108</b>

in TEUR	01/04/-06/30/2008	01/04/-06/30/2007
Revenue from the sale of services	87,245	13,548
Revenue from the sale of goods	63,983	13,000
Revenues of construction contracts	-394	–
<b>Continued operations</b>	<b>150,834</b>	<b>26,548</b>
Discontinued operations	4.071	10,893
<b>Total revenues</b>	<b>154,905</b>	<b>37,441</b>

in TEUR	01/01/-06/30/2008	01/01/-06/30/2007
Germany	179,056	28,193
EU	116,592	11,597
Rest of Europe, not EU	2,452	142
Third countries	801	1,279
<b>Continued operations</b>	<b>298,901</b>	<b>41,211</b>
Discontinued operations	6,548	19,897
<b>Total revenues</b>	<b>305,449</b>	<b>61,108</b>

in TEUR	01/04/-06/30/2008	01/04/-06/30/2007
Germany	121,789	16,986
EU	27,415	8,232
Rest of Europe, not EU	2,032	129
Third countries	-402	1,201
<b>Continued operations</b>	<b>150,834</b>	<b>26,548</b>
Discontinued operations	4,071	10,893
<b>Total revenues</b>	<b>154,905</b>	<b>37,441</b>

## 2.2 Other operating income

in TEUR	01/01/-06/30/2008	01/01/-06/30/2007
Income from the release of negative consolidation differences	5,338	2,503
Income from the release of provisions	4,433	104
Income from costs passed on to third parties	869	295
Other	12,726	1,619
<b>Continued operations</b>	<b>23,366</b>	<b>4,521</b>
Discontinued operations	608	1,700
<b>Total operating income</b>	<b>23,974</b>	<b>6,221</b>

in TEUR	04/01/-06/30/2008	04/01/-06/30/2008
Income from the release of negative consolidation differences	1,757	-
Income from the release of provisions	355	133
Income from costs passed on to third parties	497	202
Other	7,378	964
<b>Continued operations</b>	<b>9,987</b>	<b>1,299</b>
Discontinued operations	507	1,049
<b>Total operating income</b>	<b>10,494</b>	<b>2,348</b>

## 2.3 Cost of materials

in TEUR	01/01/-06/30/2008	01/01/-06/30/2007
Raw materials, supplies and consumables	134.832	14.828
Purchased services	22.648	2.348
Purchased goods	2.676	856
<b>Continued operations</b>	<b>160.156</b>	<b>18.032</b>
Discontinued operations	5.765	12.744
<b>Total cost of materials</b>	<b>165.921</b>	<b>30.776</b>

in TEUR	04/01/-06/30/2008	04/01/-06/30/2007
Raw materials, supplies and consumables	71.343	10,176
Purchased services	11,647	1,683
Purchased goods	1,398	574
<b>Continued operations</b>	<b>84,388</b>	<b>12,433</b>
Discontinued operations	3,842	7,311
<b>Total cost of materials</b>	<b>88,230</b>	<b>19,744</b>

## 2.4 Personnel expenses

in TEUR	01/01/-06/30/2008	01/01/-06/30/2007
Wages and salaries	50,285	8,866
Social security, pension costs and other benefits	12,295	2,009
<b>Continued operations</b>	<b>62,580</b>	<b>10,875</b>
Discontinued operations	3,155	6,773
<b>Total personnel expenses</b>	<b>65,735</b>	<b>17,648</b>

in TEUR	04/01/-06/30/2008	04/01/-06/30/2007
Wages and salaries	25,764	5,523
Social security, pension costs and other benefits	6,368	1,230
<b>Continued operations</b>	<b>32,132</b>	<b>6,753</b>
Discontinued operations	1,624	3,534
<b>Total personnel expenses</b>	<b>33,756</b>	<b>10,287</b>



### 3. Notes to selected items in the balance sheet

#### 3.1 Property, plant and equipment

in TEUR	06/30/2008	12/31/2007
Land and leasehold rights	5,862	5,867
Buildings including buildings on third party land	19,995	20,065
Technical equipment and machinery	23,755	26,242
Other equipment	10,174	9,235
Finance lease	13,893	10,738
Payments excl. on intangible assets	1,337	1,310
<b>Continued operations</b>	<b>75,016</b>	<b>73,457</b>
Discontinued operations	262	253
<b>Total property, plant and equipment</b>	<b>75,278</b>	<b>73,710</b>

#### 3.2 Inventories

in TEUR	06/30/2008	12/31/2007
Raw materials, supplies and consumables	27,546	21,157
Work in progress	23,060	7,619
Finished goods and merchandise	53,796	57,597
Prepayments	544	479
<b>Continued operations</b>	<b>104,946</b>	<b>86,852</b>
Discontinued operations	2,635	777
<b>Total inventories</b>	<b>107,581</b>	<b>87,629</b>

### 3.3 Trade receivables

The trade receivables are due primarily from the following companies:

in TEUR	06/30/2008	12/31/2007
Wellman	33,124	22,079
Schleicher	7,593	5,298
Schabmüller	5,321	5,344
Westfalia	7,618	5,259
Logistik	3,952	2,850
GHOTEL	1,537	4,428
KWE	2,075	1,710
Quelle	1,046	431
Pohland	1,514	1,146
Einhorn	362	762
KTDa	460	1,455

### 3.4 Provisions

in TEUR	06/30/2008	12/31/2007
Pensions obligations	12,547	12,533
Employee-related	5,434	4,329
Warranties	4,445	3,060
Pending Losses	2,541	1,843
Restructuring	11,642	13,673
Other current provisions	950	676
Other	9,755	9,184
<b>Total Provisions</b>	<b>47,314</b>	<b>45,298</b>

### 3.5 Financial liabilities

The financial liabilities due primarily from the following companies:

in TEUR	06/30/2008	12/31/2007
Wellman International	20,183	12,517
Westfalia Van Conversion	9,778	9,729
DFA- Transport und Logistik	7,575	7,670
Schabmüller Group	4,951	5,000
Pohland Group	3,548	1,527

### 4. Segment revenue and results from January 1, until June 30, 2008

in TEUR	S&S	RCP	IP	Holdings and other	Gesamt
Group revenues	21,099	134,396	142,891	515	298,901
Discontinued operations	6,548				6,548
Consolidated profit for the period	1,488	-1,504	3,107	4,634	7,725
Discontinued operations	176				176

S&S – Services and Solutions

RCP – Retail and Consumer Products

IP – Industrial Products

## 5. Employees

On 30 June 2008 a total of 3,070 employees were employed in the AURELIUS Group. Of these, 1,408 were employees and 1,662 workers. The overwhelming majority of the employees are to be allocated to the holdings.

## 6. Events after the reporting date 30 June 2008

### Acquisition of Berentzen AG

AURELIUS acquired 75.1 percent of the voting ordinary shares of the Berentzen Group AG, Haselünne, with the purchase agreement of 22 July 2008 to the owners. The owners of the preferred shares AURELIUS has made an official takeover bid for their shares. Berentzen is established as a premium beverages manufacturer on the German market with numerous brands such as Puschkin vodka, Doornkaat, Bommerlunder and the core brand Berentzen. In addition, the company sells international license brands such as Licor 43 and Linie Aquavit. As the biggest German Pepsi Cola concession holder and manufacturer of wellness and refreshment beverages, Berentzen is also successfully active on the market for non-alcoholic beverages. Confidentiality was agreed on the purchase price. The closing of the transaction is still object to the approval of the anti-trust authorities. Subsequently the first consolidation of the company will be pursued within the 3rd quarter 2008.

### Acquisition of RTL SHOP GmbH

AURELIUS together with a financial investor acquired all shares in the RTL SHOP GmbH, Hanover, from the media group RTL Deutschland, with the purchase agreement of 28 July 2008. The company markets only sells a wide range of goods from electric devices, household goods and cosmetic products to fashion via teleshopping productions especially produced for this purpose and the Internet. In 2007 the company generated sales of about 83 million euros with about 170 employees. With a market share of eight percent and a technical range of about 24 million households, RTL SHOP after QVC and HSE24 is the third-largest provider in the area of home shopping in the German-speaking area. The company will be included in the consolidated financial statement of the AURELIUS AG for the first time in the third quarter of 2008. Confidentiality was agreed on the purchase price. The closing of the transaction is still object to the approval of the anti-trust authorities. Subsequently the initial consolidation of the company will be pursued within the first quarter 2008.

### Sale of KWE Stahl- und Industriebau GmbH & Co. KG

With the purchase agreement of 28 July 2008 AURELIUS sold its portfolio company KWE Stahl- und Industriebau GmbH & Co. KG including the wholly-owned subsidiary KWE Ludwigshafen GmbH to the Austrian Kresta Group. Kresta operates as an integrated and internationally active steel and plant manufacturer and provides its industrial customers with complete solutions ranging from engineering and manufacturing to assembly. KWE with its headquarters in Wesseling (Cologne) is one of the leading German providers of steel construction engineering for the chemical and petro-chemical industry and operates in the area of plant construction and the maintenance of steel construction fabric within industrial plants. In 2007 KWE had sales of about 26 million euros and currently employs about 110 employees at twelve German locations. After the successful conclusion of operative restructuring measures, which had been carried out by AURELIUS since 2006, the ground was laid for successful development and growth at KWE.

**Annual General Meeting 2008**

The Annual General Meeting of 10 July, 2008, agreed on the revocation of the Authorized Capital 2007/1 and the establishment of an Authorized Capital 2008/1. The Management Board has been authorized to raise the nominal capital by up to 4,507,750 new no-par value shares against contributions in cash or kind by 10 July 2013 subject to the approval of the Supervisory Board. The subscription right of the shareholders may be excluded in this connection.

**Capital increase**

On 6 August 2008, AURELIUS successfully placed a capital increase with institutional investors. In the course of this transaction the nominal capital of the company increased by 306,750.00 euros to 9,322,250.00 euros. The issue amount of 306,750 no-par value shares was set at 16.30 euros. The premium of 4,693,275.00 euros was allocated to the capital reserves. Overall, this provided the company with about five million euros in liquidity. The capital increase occurred to the exclusion of the subscription right of the shareholders.

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