



3/2008

Report for the first nine months 2008



Important key figures

		Q1-Q3 2008	Q1-Q3 2007	Change
Consolidated revenue*	mEUR	461.0	155.3	196.8 %
Consolidated revenue (annualised)**	mEUR	981.7	460.0	113.4 %
EBITDA*	mEUR	42.5	45.9	-7.4 %
Consolidated profit*	mEUR	25.5	30.6	-16.7 %
Earnings per share*				
- basic	in EUR	2.79	4.40	-36.6 %
- diluted	in EUR	2.69	4.40	-38.9 %
Number of employees as of September 30		3,772	3,090	22.1 %
Cash flow from operating activities	mEUR	17.4	6.4	171.9 %
Cash flow from financing activities	mEUR	-19.0	4.5	-
Free Cash flow	mEUR	-1.6	10.9	-
		09/30/2008	12/31/2007	Change
Total assets*	mEUR	577.6	331.7	74.1 %
- thereof cash and cash equivalents	mEUR	48.8	36.9	32.2 %
Liabilities*	mEUR	350.7	194.2	80.6 %
- thereof bank liabilities	mEUR	75.8	34.7	118.4 %
Shareholders' equity***	mEUR	147.6	75.4	95.8 %
Equity ratio***	in %	25.6	22.7	12.8 %

* from continued operations

** including first-time consolidated investments and associated companies

*** including minority interests

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Letter to the Shareholders

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

The first nine months of the 2008 financial year are now behind us and we hope to again have exceeded your expectations towards AURELIUS with the results presented. In addition to the disposal of a holding, two large-scale acquisitions in particular left their marks on the past quarter's figures. Compared to the first three quarters of 2007 this had the following impact on the development of our group:

- Consolidated revenue increased from EUR 155.3 million to EUR 461.0 million (+196.8 %).
- Earnings before interest, taxes, depreciation and amortization (EBITDA) totalling EUR 42.5 million were slightly down compared to previous year's levels of EUR 45.9 million (-7.4 %).

The slight deterioration in earnings compared to the previous year can be attributed to considerable one-off effects, which mainly incurred from the takeover of Wellman International and Quelle La Source Group in the first nine months of 2007. This year the nine months figures are again including positive one-off effects, which result from the first-time consolidation of acquired companies as well as negative one-off effects resulting from restructuring processes. Positive one-off effects – the Bargain Purchase out of the first-time consolidation – amounted to EUR 13.0 million in the first nine months (previous year: EUR 44.1 million). Negative one-off effects, which resulted from the actual restructuring expenses as well as the provision of expected restructuring expenses for new group subsidiaries, amounted to EUR 7.3 million (previous year: EUR 9.5 million).

These figures clearly highlight that the AURELIUS portfolio has developed considerably over the past twelve months. After several of the currently 15 portfolio companies have now successfully undergone the realignment process, we are now generating more than half of our earnings from the operating business of our subsidiaries. Positive one-off effects ("Bargain Purchase") accounted for about 31 per cent of EBITDA. In the same period in the previous year this share still amounted to about 96 per cent.

This positive development is also prompting international investors and banks to show great confidence in our group. Despite continuing turmoil in financial markets we were able to conduct a further capital increase in the third quarter. At the beginning of August we placed 306,750 new shares with institutional investors and have therefore strengthened the financial foundations of our group. In addition our subsidiary Wellman International was able to secure a credit facility of EUR 38 million at the end of September to fund the company's further growth despite banks' generally restrictive lending practices.

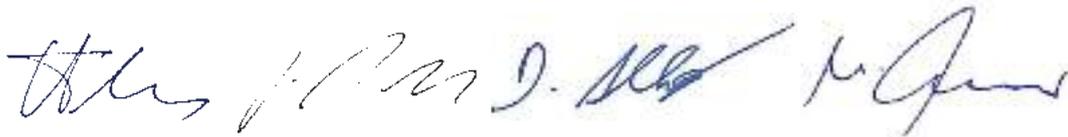
In the third quarter we accomplished two large-scale acquisitions with the takeover of Berentzen Group and RTL Shop. In the case of Berentzen Group, we initially acquired 75.1 percent of the outstanding ordinary shares held in the company by the owning families Berentzen, Wolff, Pabst and Richarz. After that we published a voluntary official takeover bid for the remaining ordinary and preferred shares, which lasted into the first weeks of the fourth quarter.

Furthermore we started to acquire shares in Arques Industries AG in a joint approach with other investors. In mid-September we announced that we had exceeded the three percent threshold of Arques shares held and stated our intention of increasing our stake in Arques to a significant level and of altering the respective company boards. At the beginning of October we announced the excess of the five percent threshold of shares held. We will of course keep you informed about further events.

At end of July we completed the sale of our portfolio company KWE Group. The company's new owner, Austrian Kresta Group, plans to integrate it into its own group and is expecting to achieve considerable synergies both for its new subsidiary and for itself. For us the sale of the company is another sign of the success of our business model.

Acquisitions and disposals in the last quarter have fuelled our successful growth. We have already reached this year's target of generating annualized revenues of round about EUR 1 billion. For the full year 2008, we are assuming that despite an increasingly negative economic environment the successful development of our company will continue. As always, we look forward to your continuing loyalty and would be pleased if you were to accompany AURELIUS into a promising future!

The Board of AURELIUS AG



Dr. Dirk Markus

Gert Purkert

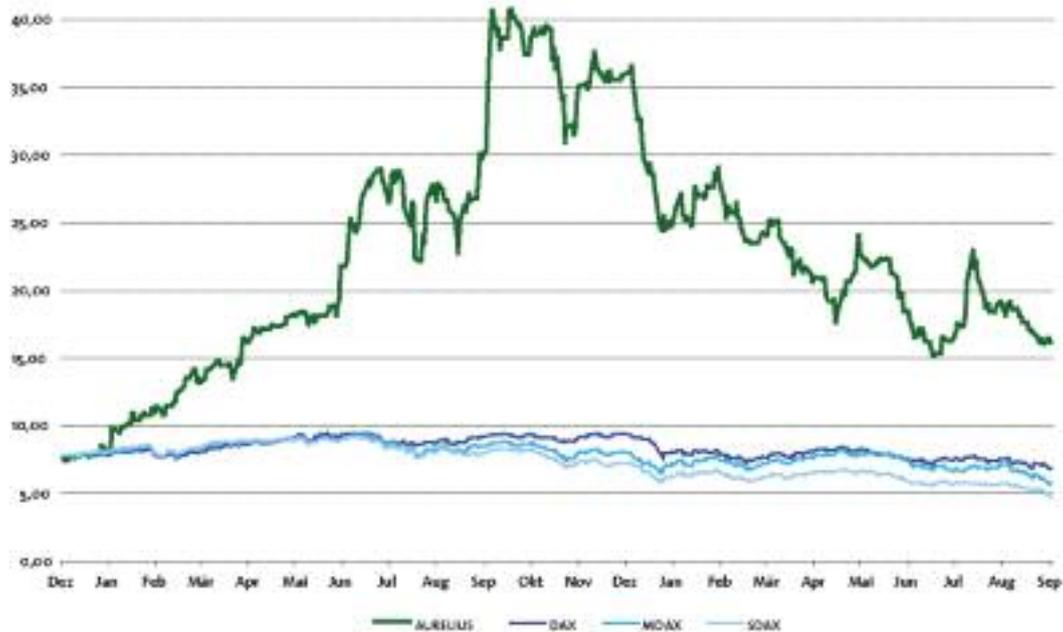
Donatus Albrecht

Ulrich Radlmayr

Development of the AURELIUS share

In the third quarter of 2008, the impacts of the global financial crisis gained momentum with a number of US banks encountering financial difficulties. In addition to the insolvency of US investment bank Lehman Brothers, a number of reputable banks with long traditions were forced into mergers to ensure their commercial survival. At the end of September the crisis in capital markets reached its preliminary climax as European banks tumbled into financial turmoil for the first time, resulting in losses in the billions being recorded. At the same time there were initial signs indicating that the crisis was spilling over from the financial sector to the rest of the economy.

After significant gains in the share price in 2007, the downward movement of AURELIUS continued in the third quarter, as had already been the case in the first half of the year. Down by 55 percent, the share performed worse than the indexes DAX (-28 %), MDAX (-29 %) and SDAX (-35 %). However, the share performed considerably better than exclusively financial stocks and companies with a comparable business model.



Open and transparent capital market communications are an integral part of the AURELIUS philosophy. The group is committed to providing its private and institutional investors with timely information about the latest developments, and where possible this includes one-on-one meetings. In the period from July to September, AURELIUS conducted two roadshows in the financial centers Frankfurt/Main and Düsseldorf. In addition to that, management held seven individual one-on-one meetings with international fund companies.

The AURELIUS shareholder base broadened further in the now completed quarter. The company placed 306,750 new no-par value shares with institutional investors in the course of a capital increase on 6 August. At the end of September the AURELIUS shareholder structure presented itself as follows:



Capital development

On 6 August 2008, AURELIUS conducted a capital increase by placing shares with institutional investors. The price of the 306,750 no-par value shares was set at EUR 16.30 and therefore corresponded to the average closing price of the AURELIUS share on the previous five days of trading. The capital increase excluded subscription rights for existing shareholders.

The **SHARE CAPITAL** of AURELIUS AG increased by EUR 306,750.00 as a result of the transaction and amounted to EUR 9,322,250.00 as of 30 September 2008. It consisted of 9,322,250 no-par value shares with an calculated share in the share capital of EUR 1.00. The number of **ISSUED SHARES** on the reporting date 30 September 2008 therefore also amounted to 9,322,250 shares. On average a total of 9,078,193 shares were outstanding in the first nine months of 2008. They were also the basis for computing earnings per share.

The Annual General Meeting from 10 July 2008 resolved to raise new authorized capital of EUR 4,507,750. As a result of the capital increase placed in August, the company held **AUTHORIZED CAPITAL** of EUR 4,201,000 as of the reporting date 30 September 2008. The Management Board is authorized to raise share capital by issuing 4,201,000 new no-par value shares against contributions in cash or in kind by 9 July 2013, subject to the approval of the Supervisory Board. Shareholder subscription rights may be excluded under certain circumstances.

Consolidated interim management report

Revenue and earnings development

In the third quarter the newly acquired Berentzen Group was consolidated for the first time. RTL Shop was included for the first time in the consolidated financial statement as part of the equity valuation. The disposal of KWE Group in July resulted in the final consolidation of the company.

REVENUE from all business areas of AURELIUS in the first nine months of 2008 is divided as follows:

in mEUR	01/01-09/30/2008	01/01-09/30/2007
Quelle La Source Group	145.4	61.6
Wellman International	82.5	18.0
Westfalia Van Conversion	35.1	-
KTDaythea	33.0	-
Schabmüller Group	30.1	28.0
Pohland Herrenkleidung	29.5	-
Einhorn Mode Manufaktur	21.5	-
DFA – Transport und Logistik	20.2	18.4
Berentzen Group	16.7	-
Schleicher Electronic	14.0	4.4
GHOTEL Group	13.6	11.7
connectis	11.6	-
Richard Scherpe Group	7.2	9.3
Other	0.6	3.9
Continued operations	461.0	155.3
Discontinued operations	7.4	26.4
Total Revenue	468.4	181.7

The revenues and earnings of the subsidiaries acquired during the year will only be reflected in the consolidated financial statement from the period of the first-time consolidation and are consequently only taken into account proportionally. Projected to the year as a whole, this would produce annualized consolidated revenues for AURELIUS Group including associated companies of EUR 981.7 million compared to EUR 460.0 million in the previous year (+113.4 %).

OTHER OPERATING INCOME amounted to EUR 50.1 million. It includes income from first-time consolidation (“Bargain Purchase”) of KTDaythea, connectis and Berentzen Group amounting to EUR 13.0 million. Due to the proportional acquisition of 14.9 per cent of share capital attributable to the fourth quarter of 2008, AURELIUS will post an additional low single digit million other operating income (“Bargain Purchase”) resulting from the acquisition of Berentzen Group.

The **COST OF MATERIALS** from all business areas of AURELIUS in the first three quarters of 2008 was divided as follows:

in mEUR	01/01-09/30/2008	01/01-09/30/2007
Quelle La Source Group	65.6	29.6
Wellman International	56.0	11.7
Westfalia Van Conversion	25.8	-
KTDaythea	20.7	-
Pohland Herrenkleidung	15.6	-
Schabmüller Group	14.3	14.3
Einhorn Mode Manufaktur	9.7	-
DFA – Transport und Logistik	8.8	8.0
Berentzen Group	7.6	-
Schleicher Electronic	6.4	2.0
connectis	4.9	-
Richard Scherpe Group	3.8	5.3
GHOTEL Group	3.5	2.0
Other	-	2.7
Continued operations	242.7	75.6
Discontinued operations	6.3	14.2
Total Cost of Materials	249.0	89.8

Earnings before interest, taxes, depreciation and amortization (EBITDA) at EUR 42.5 million were in slightly below the previous year's level of EUR 45.9 million (-7.4 %). Earnings before taxes (EBT) fell due to rising depreciation and amortization on intangible assets and tangible assets as well as interest expenses to EUR 25.8 million compared to EUR 40.6 million in the previous year. After taking taxes on income, minority shares and discontinued operations into account, AURELIUS generated **CONSOLIDATED PROFIT** of EUR 25.5 million in the reporting period following EUR 30.6 million in the previous year. This results in basic earnings per share of EUR 2.79 (previous year: EUR 4.40).

Development of key balance sheet items

In the first nine months of 2008 the **BALANCE SHEET TOTAL** in the group increased from EUR 331.7 million at 2007 year-end to EUR 577.6 million (+74.1 %). The increase resulted mainly from the three fully consolidated acquisitions in the current financial year. **INTANGIBLE ASSETS** amounting to EUR 50.9 million rose considerably compared to the value on 31 December 2007 of EUR 14.4 million (+253.5 %) and include customer base taken on as well as brands and licenses of the subsidiaries acquired. The increase in **INVENTORIES** from EUR 86.9 million to EUR 144.7 million (+66.5 %) also resulted mostly from the first-time consolidations made in the first nine months. In addition current assets primarily consist of trade receivables amounting to EUR 115.9 million and cash equivalents of EUR 48.8 million in total.

SHAREHOLDERS' EQUITY on the reporting date was EUR 147.6 million after being recorded at EUR 75.4 million at the end of 2007 (+95.8 %). This corresponds to an increase in the equity ratio from 22.7 percent to 25.6 percent. On 6 August 2008 AURELIUS successfully placed a capital increase. Thus the share capital of the company was increased by EUR 306,750.00 to EUR 9,322,250.00. The issuing price of the 306,750 no-par shares was set at EUR 16.30. The premium of EUR 4,923,275.00 was added to the capital reserves. Hence the company received EUR 5 million in total.

LIABILITIES rose to EUR 350.7 million during the reporting period after EUR 194.2 million at 2007 year-end (+80.6 %). They are primarily made up of **TRADE PAYABLES** amounting to EUR 111.0 million and financial liabilities of EUR 79.6 million. Provisions totaled EUR 66.7 million, of which EUR 23.4 million can be attributed to provisions from pension obligations.

Development of cash flow

CASH FLOW FROM OPERATING ACTIVITIES increased to EUR 17.4 million in the first nine months compared to EUR 6.4 million in the previous year (+171.9 %). As a result of AURELIUS' increased investment activity, **FREE CASH FLOW** of EUR -1.6 million dropped considerably below the value of EUR 10.9 million in the previous year's period. **CASH FLOW FROM FINANCING ACTIVITIES** of EUR 13.5 million was slightly below the previous year's level of EUR 17.7 million (-23.7 %).

Development of employees

As of the reporting date on 30 September 2008, AURELIUS Group employed a total of 3,772 full-time staff compared to 3,090 at the same period in the previous year (+22.1 %). On average 3,374 members of staff were employed in the group in the first nine months of 2008 compared to 2,299 employees in the first nine months of 2007.

PERSONNEL EXPENSES from all business areas of AURELIUS in the first three quarters of 2008 were divided as follows:

mEUR	01/01-09/30/2008	01/01-09/30/2007
Wellman International	17.2	4.6
Quelle La Source Group	16.4	12.2
KTDaythea	10.0	-
Westfalia Van Conversion	9.3	-
Schabmüller Group	9.0	9.1
Pohland Herrenkleidung	7.0	-
DFA – Transport und Logistik	6.9	6.0
Schleicher Electronic	5.5	1.8
connectis	4.5	-
Richard Scherpe Group	2.7	3.0
Einhorn Mode Manufaktur	2.6	-
Berentzen Group	2.3	-
GHOTEL Group	1.9	1.6
Other	2.1	0.1
Continued operations	97.4	38.4
Discontinued operations	3.6	9.5
Total Personnel Expenses	101.0	47.9

Significant events after the reporting date 30 September 2008

As part of the acquisition of Berentzen Group AURELIUS announced a voluntary official takeover bid on 8 September to acquire the company's remaining ordinary and preference shares. In doing so AURELIUS secured 25.5 percent of nonvoting preferred shares as well as an additional 4.4 percent of voting ordinary shares at a price of EUR 2.65 per share respectively EUR 3.33 per ordinary share. AURELIUS is currently holding a total of 25.5 percent of the outstanding preferred shares and 79.5 percent of Berentzen Group's outstanding ordinary shares, which corresponds to 52.5 percent of the company's share capital. Due to the proportional acquisition of 14.9 percent of share capital attributable to the fourth quarter of 2008, AURELIUS will post an additional low single digit million other operating income ("Bargain Purchase").

On 13 October AURELIUS announced the sale of 15 percent of the share capital of its holding in the French bank Compagnie de Gestion et des Prêts (CDGP). LaSer Confinoga, a subsidiary of the largest French bank group BNP Paribas, is the buyer. AURELIUS gained revenues of EUR 12.3 million from the disposal. This results in a market value for CDGP totaling EUR 82.0 million.

Reports on the holdings

In the first nine months of 2008 AURELIUS AG's portfolio companies continued to develop successfully. After acquiring Mode & Preis and connectis in the first half of the year, AURELIUS purchased the premium beverage manufacturer Berentzen Group and the mail order specialist RTL Shop. With the disposal of KWE Group AURELIUS closed the sale of a holding which had been successfully realigned. The number of holdings as of the reporting date on 30 September amounted to a total of 15 companies respectively groups.

AURELIUS AG's holdings portfolio as of 30 September, 2008 (after the 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
Schabmüller Group	100.0 %	March 2007
Quelle La Source 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
KTDaythea	100.0 %	November 2007
Mode & Preis	24.8 %	May 2008
connectis	100.0 %	June 2008
Berentzen Group*	37.6 %	July 2008
RTL Shop	24.8 %	July 2008

* Purchase of 75.1 % of the outstanding ordinary shares

The subsidiaries of AURELIUS Group continued successfully with their realignment. The companies developed in the third quarter as follows:



DFA – Transport und Logistik

The special goods logistics company DFA – Transport und Logistik has many years' experience in providing construction logistics services. A specific focus is the transport and disposal of low-level radioactive waste. The company is involved in major projects at a regional level in Germany as well as across Europe

Current Developments

DFA – Transport und Logistik has been part of AURELIUS AG's portfolio since July 2006. The realignment has now been completed and the company is in a phase of growth. The focus of DFA's – Transport und Logistik international expansion is in Eastern Europe with a new office established in Poland in September. Furthermore, the company is expanding into the Austrian market where roughly 70 vehicles are currently employed in construction projects.



Richard Scherpe Group

Richard Scherpe Group is a printing service provider specializing in the production of tags, labels and forms. Richard Scherpe Group is a single-source provider, covering the entire process chain from receiving data via IT interfaces, planning and supervising printing processes right down to taking care of the logistics for orders it has processed.

Current Developments

The current economic development in Germany is taking its toll on demand in the sensitive printing market. Richard Scherpe Group accordingly reacted with cost cutting adjustments. In the field of downstream services such as logistics, distribution and accounting for corporate groups/facilities with decentral structures, the company has successfully strengthened its position as one of the leading providers.



GHOTEL Group

GHOTEL Group operates hotels and apartment buildings in central locations in major German cities such as Hamburg, Hanover, Frankfurt, Stuttgart or Munich. With its modern business and leisure hotels spanning a total of 16 cities, GHOTEL Group provides a relaxing atmosphere, high class conference rooms and contemporary solutions such as short-term living arrangements.

Current Developments

GHOTEL Group has completed its realignment and is now on a profitable growth trend. Due to the positive development, the former owner of the hotel chain, Deutsche Post Worldnet, approved the sale of the last two apartment buildings to GHOTEL Group on 1 October. In addition the company is evaluating further cities for hotels and is using the currently favorable conditions in the market to secure the future growth of the group.



KWE Group

KWE Group is the leading steel construction service provider for the chemical and petrochemical industry in Germany. The services offered by KWE Group include maintaining and servicing existing steel constructions as well as designing and building different types of steel construction projects.

Current Developments

After the successful operative realignment of KWE Group the company was sold to a strategic investor, Austrian Kresta Group, in the third quarter. In 2007, KWE Group achieved revenues of approximately EUR 26 million and employed roughly 110 workers in 12 cities in Germany.

Despite the negative capital market environment AURELIUS successfully demonstrated the business model of the group with the sale of its first company after a completed realignment.



Schabmüller Group

As a leading international manufacturer of electric motors, Schabmüller Group is primarily focused on the development, production and sale of electric AC and DC motors. The company's products are primarily used in fork-lifts and yachts, as well as in generators and components for hybrid systems.

Current Developments

To safeguard future growth Schabmüller Group increased its cooperations in development. In the third quarter, the company acquired well-known partners for development projects. In this context Schabmüller Group received a contract with an international farm machinery manufacturer to develop close-to-production prototype motors.

As expected, the percentage of revenues of the newly developed generation of AC motors have consistently risen to approximately 10 percent in the last months while achieving new key accounts and expanding clientele through the introduction of new technology at the same time.



Quelle La Source Group

Quelle La Source Group operates in two business areas: with Quelle La Source, the company is the fourth largest mail-order company in France and with the bank Compagnie de Gestion et des Prêts (CDGP) the group also operates in the high margin consumer credit market.

Current Developments

Overhauling Quelle La Source's product range has already delivered its first results. Although consumer restraint is still evident in France, demand was still above expectation in the third quarter throughout the seasonal sales special.

In addition Quelle La Source Group made preparations for the disposal of a stake in its subsidiary CDGP. After successful negotiations in the third quarter, AURELIUS sold a stake of 15 percent for roughly EUR 12.3 million to LaSer Cofinoga, a subsidiary of BNP Paribas Group, at the beginning of October.



Schleicher Electronic

Schleicher Electronic develops and produces highly efficient control systems for machine manufacturing and plant engineering. The company combines the functions for operation, movement and calculation all into one controlling system. In cooperation with its clients, Schleicher Electronic develops custom solutions ranging from single components to complex systems.

Current Developments

The operative realignment of Schleicher Electronic has now been largely completed. In spite of negative trends within the machine construction sector and increasing pressure being exerted on margins by customers, the company is going to meet its revenues and earnings targets for 2008. The focus of the company's marketing activities in new markets and an expansion of its product range were significantly contributing to these results. Further cost savings were achieved by outsourcing the IT department.



Wellman International

Wellman International is the market leader in the production of polyester fibers as well as Europe's largest recycler of used PET bottles. On the whole, the company recycles roughly ten percent of all of Europe's collected PET containers. About 80 percent of the recycled PET granulates are converted into technical polyester fibers. The remaining 20 percent are sold to the packaging industry where demand is soaring.

Current Developments

In its business with polyester fibers, Wellman International was successful in raising prices by about five percent in the third quarter. At the same time the company negotiated long-term contracts to cover about 60 percent of its annual supply in PET bottles, which are the basic material for producing the fibers once they have undergone the recycling process.

Through a subsidiary the Bank of Ireland granted Wellman International a credit facility in September totaling EUR 38 million for three years. With that the company launched its long-term plans for international expansion.



Pohland Herrenkleidung

Pohland Herrenkleidung operates thirteen shops for luxury menswear in Bremen, Hesse, Lower Saxony, North Rhine-Westphalia and Rhineland-Palatinate. The company offers its sophisticated clientele high-quality fashion from leisure wear and business suits to festive attire. The middle to high priced range includes brands such as Boss, Joop, Polo Ralph Lauren and Armani.

Current Developments

Because of the expected economic development in Germany, Pohland Herrenkleidung is preparing to see negative sales trends in the coming quarter. In a move towards improving overheads, the company has consolidated shipping relationships and converted a portion of its shops into warehouse outlets. Costs were cut in line with the current recessionary trends in the market.



Einhorn Mode Manufaktur

Einhorn Mode Manufaktur is a leading provider of high-quality men's shirts. The company's products are characterized by their high levels of quality, technical innovation in fabric and unmistakable design featuring stylish details. In addition to its brand name products, the company also produces trademark products for other well-known brands such as Tommy Hilfiger.

Current Developments

Einhorn Mode Manufaktur achieved a noticeable improvement in its working capital in the last quarter. Inventory volumes were decreased further and trade receivables reduced. As reaction to the occurrence of a supply bottleneck at the beginning of the year, the company conducted a change of personnel at the head of the logistics department. Following this development, the delivery ratio for the company increased to nearly 100 percent.

In an effort to continue the reduction of inventory levels further in the coming months, Einhorn Mode Manufaktur is working on developing a new sales concept. This includes, among other things, repositioning the so called "factory outlets."



Westfalia Van Conversion

As Germany's market leader Westfalia Van Conversion produces high quality camper vans for recreational purposes on a contract basis with prestigious automotive manufacturers. The vehicles are based on existing models of vans and converted into camper vans. The company has more than 50 years experience in the market and in 2007 Westfalia Van Conversion started the production of camper vans under its company name as well as continuing contracted work.

Current Developments

The sales situation for recreational vehicles in Germany as well as most of Europe is difficult. In Germany alone the number of registered new cars dropped by 15 percent in the third quarter compared to last year's numbers. This development will likely lead to excess production capacities which would increase pricing pressure on the market.

Sluggish demand is noticeable at Westfalia Van Conversion. The company has worked against this development by increasing sales effort, visibility through the press and its presence at international shows – the most recent being in Düsseldorf, Paris and Rimini. To further promote sales the company has started a consumer financing program.



KTDaythea

KTDaythea (formerly SAG Kommunikationstechnik) is a nationwide infrastructure service provider specializing in planning, constructing and servicing cellular antennae towers as well as other constructions and equipment in the telecommunications technology sector. The multi-vendor provider is one of the market leaders in this segment, both in terms of revenues and quality standards.

Current Developments

In the course of a transfer of operations KTDaythea successfully spun-off its assembly operations. In doing so an important milestone in the realignment of the company was achieved and positioned it well for the final stages of the expansion of its cellular network in Germany for 2010.

Moreover, the transformation of KTDaythea from a former subsidiary to an independent medium-sized company will take place by implementing a new personnel structure. At the beginning of the third quarter the company's management was expanded by adding a second member. The new position focuses on the areas of marketing and engineering. The company filled the position in-house with one of its more experienced managers.



Mode & Preis

Mode & Preis operates subsidiaries in Slovakia, the Czech Republic and Switzerland and is a leading specialty mail order company focusing on competitively-priced fashion for women, men and kids as well as on home and garden products. The company has a strong customer base in Germany as well as established supplier relationships.

Current Developments

In the third quarter the supply structure for Mode & Preis was changed completely. In addition to reducing the number of contracted partners as part of consolidating distribution, central positions were allocated to new personnel. The company employed a new executive with solid professional experience in its purchasing division.

On the sales side the e-commerce department of the company continues to be extended. Starting 2009 the sale of goods on the internet should be the main source of growth for Mode & Preis.



connectis

The Swiss systems integrator connectis (formerly Sunrise Business Communications) offers its clients solutions for secure networks and applications in the voice, data and video communication sector. The company provides planning, realization, maintenance and operation of system solutions from a single source and is an official partner of Cisco Systems and Nortel Networks.

Current Developments

After being spun-off from the Sunrise Group on 30 June, the company has concentrated on the sustained stability of customer relationships in the third quarter. With major customers such as UBS as well as public institutions in Switzerland, connectis is well positioned in the market for future growth.

Presently the company is working diligently on its internal structures such as IT, accounting, purchasing and sales. The process should be completed by the end of the current business year.



Berentzen Group

Berentzen Group is well-established as a premium beverage manufacturer in the German market with brands such as Puschkin Vodka, Doornkaat, Bommerlunder and the flagship brand Berentzen. In addition the company sells international brands such as Licor 43 and Linie Aquavit. As the largest German licensee of Pepsi Cola and producer of wellness and refreshment beverages, Berentzen is also thriving in the non-alcoholic beverage market.

Current Developments

After the initial acquisition of the company, the focus was on arranging and itemizing costs and planning the budget. After the takeover of 75.1 percent of the outstanding ordinary shares, AURELIUS published an official takeover bid for further ordinary and preferred shares according to legal guidelines at EUR 2.65 per share. After the deadline for the offer on 27 October, AURELIUS owned 79.5 percent of ordinary shares and 21.0 percent of preferred shares.

As one of the first measures, Berentzen Group overhauled its store brand business. Contracts with retail partners with a negative sales margin were terminated. The company expects improvements in operative earnings development in the current year resulting from this measure.



RTL Shop

The mail-order specialist RTL Shop markets and sells a wide assortment of goods, ranging from consumer electronics and household goods to cosmetics and fashion through its dedicated TV-shopping program and the internet. After QVC and HSE24, the company is the third largest home shopping network in Germany.

Current Developments

After the acquisition of RTL Shop was approved by anti-trust authorities at the end of August, the company concentrated on standards for detailing the restructuring plans of the loss-making TV sales specialists. The top priority was to carefully analyze cost structures, overhaul the budget and identify core problems in the company's business model.

In a bid to immediately improve the cost structure, the company terminated its consulting contracts. By proactively marketing the time slot in which the show is not broadcasted live (from 10pm to 10am), the company succeeded in generating new revenues.



Consolidated interim financial statements

Consolidated income statement

of AURELIUS AG, from 1 January to 30 September, 2008

in EUR '000	Notes	01/01-09/30/2008	01/01-09/30/2007
Continued Operations			
1. Revenue	2.1	460,992	155,346
2. Changes in inventories of finished goods and work in progress		2,301	792
3. Other operating income	2.2	50,081	57,283
4. Share of profit of associates		8,177	545
5. Cost of materials	2.3	-242,689	-75,563
6. Personnel expenses	2.4	-97,378	-38,368
7. Other operating expenses		-138,985	-54,090
8. Earnings before interest, tax, depreciation and amortisation (EBITDA)		42,499	45,945
9. Amortization and depreciation of intangible assets and of property, plant and equipment		-12,808	-4,686
10. Earnings before interest and taxes (EBIT)		29,691	41,259
11. Depreciation of financial assets		-1,879	-
12. Other interest and similar income		1,787	278
13. Interest and similar expenses		-3,778	-896
14. Earnings before taxes (EBT)		25,821	40,641
15. Income taxes		-560	-945
16. Consolidated result of continued operations		25,261	39,696
Discontinued operations			
17. Result from discontinued operations		109	298
Consolidated result for the period			
18. Consolidated result for the period before minority interests		25,370	39,994
19. Consolidated result attributable to minority interests		89	-9,403
20. Consolidated result		25,459	30,591
Earnings per share			
- basic in EUR		2.79	4.40
- diluted in EUR		2.69	4.40

Consolidated income statement

of AURELIUS AG, from 1 January to 30 September, 2008

in EUR '000	Notes	07/01-09/30/2008	07/01-09/30/2007
Continued Operations			
1. Revenue	2.1	162,091	114,135
2. Changes in inventories of finished goods and work in progress		428	778
3. Other operating income	2.2	26,715	52,762
4. Share of profit of associates		4,110	545
5. Cost of materials	2.3	-82,533	-57,531
6. Personnel expenses	2.4	-34,798	-27,493
7. Other operating expenses		-51,028	-45,174
8. Earnings before interest, tax, depreciation and amortisation (EBITDA)		24,985	38,022
9. Amortization and depreciation of intangible assets and of property, plant and equipment		-5,167	-2,550
10. Earnings before interest and taxes (EBIT)		19,818	35,472
11. Depreciation of financial assets		-1,425	-
12. Other interest and similar income		729	172
13. Interest and similar expenses		-1,658	-586
14. Earnings before taxes (EBT)		17,464	35,058
15. Income taxes		-404	-435
16. Consolidated result of continued operations		17,060	34,623
Discontinued operations			
17. Result from discontinued operations		-67	533
Consolidated result for the period			
18. Consolidated result for the period before minority interests		16,993	35,156
19. Consolidated result attributable to minority interests		561	-9,229
20. Consolidated result		17,554	25,927
Earnings per share			
- basic in EUR		1.93	3.83
- diluted in EUR		1.88	3.83

Consolidated balance sheet

of AURELIUS AG, as of 30 September, 2008

Assets

in EUR '000	Notes	09/30/2008	12/31/2007
Non-current assets			
Intangible assets		50,871	14,394
Property, plant and equipment	3.1	126,007	73,457
Financial assets		33,960	20,450
Deferred tax assets		12,935	5,715
Total non-current assets		223,773	114,016
Current assets			
Inventories	3.2	144,747	86,852
Trade receivables	3.3	115,915	46,809
Tax assets		2,036	3,760
Other current assets		42,398	28,519
Cash and cash equivalents		48,779	36,898
Assets of disposal groups classified as held for sale		-	14,835
Total current assets		353,875	217,673
Total assets		577,648	331,689

Consolidated balance sheet

of AURELIUS AG, as of 30 September, 2008
Shareholders' equity and liabilities

in EUR '000	Notes	09/30/2008	12/31/2007
Shareholders' equity			
Subscribed capital		9,322	9,015
Capital reserves		14,093	8,878
Consolidated net retained earnings		70,729	48,266
Total equity attributable to shareholders of AURELIUS AG		94,144	66,159
Minority interests		53,477	9,285
Total shareholders' equity		147,621	75,444
Non-current liabilities			
Pension obligations	3.4	23,360	12,533
Provisions	3.4	14,584	17,744
Financial liabilities	3.5	41,889	25,982
Other liabilities		26,234	22,263
Deferred tax liabilities		12,615	9,770
Total non-current liabilities		118,682	88,292
Current liabilities			
Provisions	3.4	28,767	15,021
Financial liabilities	3.5	37,692	18,016
Trade payables		111,019	86,489
Liabilities from percentage of completion		9,095	1,506
Tax liabilities		248	1,946
Other liabilities		124,524	37,973
Liabilities of disposal groups classified as held for sale		-	7,002
Total current liabilities		311,345	167,953
Total shareholders' equity and liabilities		577,648	331,689

Consolidated cash flow statement of AURELIUS AG, from 1 January to 30 September, 2008

in EUR '000	01/01/08-09/30/08	01/01/07-09/30/07
Earnings before tax (EBT)	25,821	40,641
Result from discontinued operations	109	298
Bargain Purchase	-12,962	-44,102
Amortization and depreciation of non-current assets	14,758	5,602
Change in pension provisions	416	-
Profit (-) / Loss (+) from the sale of assets	-478	-775
Profit (-) / Loss (+) from the sale of financial assets	-2,193	-3,208
Profit (-) / Loss (+) from foreign currency translation	606	-
Issue of stock options	522	-
Share of profit of associates	-8,177	-
Net interest	2,065	855
Interest received	45	188
Interest paid	-789	-35
Income taxes paid	-4,352	-875
Gross cash flow	15,391	-1,411

Change in Working Capital

Increase (-)/Decrease (+) in inventories	-8,145	14,889
Increase (-)/Decrease (+) in trade receivables and other assets	6,048	-2,751
Increase (+)/Decrease (-) in trade payables, other liabilities and other provisions	8,619	-6,156
Increase (+)/Decrease (-) in other balance sheet items	-4,495	1,783
Net cash flow from operating activities	17,418	6,354

Consolidated cash flow statement (continued)

in EUR '000	01/01/08-09/30/08	01/01/07-09/30/07
Cash paid for the acquisition of affiliates	-20,116	-6,612
Cash acquired on the acquisition of affiliates	18,548	16,777
Income from the sale of affiliates	1,791	2,346
Cash acquired from the sale of non-current assets	7,477	-
Cash paid for investments in non-current assets	-26,752	-8,005
Cash flow from investing activities	-19,052	4,506
Free cash flow	-1,634	10,860
Allocation of current financial liabilities	5,689	-1,841
Allocation of non-current financial liabilities	4,178	10,151
Capital increase of AURELIUS AG	5,000	9,349
Dividend AURELIUS AG	-1,352	-
Cash flow from financing activities	13,515	17,659
Cash and cash equivalents at the beginning of the period	36,898	8,250
Change in cash and cash equivalents	11,881	28,519
Cash and cash equivalents at the end of the period	48,779	36,769

Consolidated statement of changes in equity

of AURELIUS AG from 1 January to 30 September, 2008

in EUR '000	Subscribed capital	Capital reserves	Net retained earnings	Minority interests	Shareholders' equity
1 January, 2008	9,015	8,878	48,266	9,285	75,444
Capital increase	307	4,693	-	-	5,000
Stock option plan	-	522	-	-	522
Dividend	-	-	-1,352	-	-1,352
Consolidated result of the period	-	-	25,370	89	25,459
Distribution to minorities	-	-	-	-460	-460
Changes in scope of consolidation	-	-	-1,555	44,563	43,008
30 September, 2008	9,322	14,093	70,729	53,477	147,621

Notes

1. General information

1.1 Accounting policies

The report for the first three quarters of 2008 of AURELIUS was prepared in accordance with International Financial Reporting Standards (IFRS) as 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 as well as the early application of IFRS 8 (“Operating Segments”), that was adopted by the EU in November 2007 and replaced IAS 14 (“Segment Reporting”). The consolidated interim financial statements at 30 September, 2008 were prepared on the basis of IAS 34 “Interim Financial Reporting”.

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

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 subsidiaries. To this extent reference is made to the reports on the holdings.

1.3 Unusual circumstances

No unusual circumstance occurred which affected the assets, liabilities, equity, period earnings or cash flows and which due to their nature, extent or frequency were unusual for the business of AURELIUS. Business developments are explained in the first section of the quarterly report.

1.4 Changes to accounting estimates from previous reports

There are no changes to estimates from previous reports.

1.5 Changes in the scope of consolidation

In the first three quarters of 2008 KDaythea (formerly SAG Kommunikationstechnik GmbH), Berlin, connectis (formerly: sunrise business communications AG), Zürich, and Berentzen Group, Haselünne, were fully consolidated for the first time. In addition, Mode & Preis, Lörrach and RTL Shop, Hannover, were included for the first time in the consolidated financial statement of AURELIUS AG as part of the equity valuation.

KWE Group, Wesseling, was sold in the third quarter of 2008. Due to the final consolidation of KWE Group on 28 July 2008, expenses and income up to this period will be reported as earnings from discontinued operations in the income statement of AURELIUS Group.

2. Notes to selected items in the consolidated income statement

2.1 Revenue

in EUR '000	01/01/-09/30/2008	01/01/-09/30/2007
Revenue from the sale of services	275,371	95,657
Revenue from the sale of goods	185,621	59,689
Total Continued Operations	460,992	155,346
Discontinued Operations	7,383	26,367
Total Revenue	468,375	181,713

in EUR '000	07/01/-09/30/2008	07/01/-09/30/2007
Revenue from the sale of services	96,824	74,180
Revenue from the sale of goods	65,267	39,955
Continued Operations	162,091	114,135
Discontinued Operations	835	6,470
Total Revenue	162,926	120,605

in EUR '000	01/01/-09/30/2008	01/01/-09/30/2007
Germany	191,155	60,937
EU	253,995	90,926
Rest of Europe, not EU	12,492	458
Other countries	3,350	3,025
Total Continued Operations	460,992	155,346
Discontinued Operations	7,383	26,367
Total Revenue	468,375	181,713

in EUR '000	07/01/-09/30/2008	07/01/-09/30/2007
Germany	12,099	32,744
EU	137,403	79,329
Rest of Europe, not EU	10,040	316
Other countries	2,549	1,746
Total Continued Operations	162,091	114,135
Discontinued Operations	835	6,470
Total Revenue	162,926	120,605

2.2 Other operating income

in EUR '000	01/01/-09/30/2008	01/01/-09/30/2007
Bargain Purchase	13,007	44,102
Income from the release of provisions	5,694	3,194
Income from costs charged to third parties	2,130	349
Other operating income	29,250	9,638
Total Continued Operations	50,081	57,283
Discontinued Operations	576	3,036
Total Other operating income	50,657	60,319

in EUR '000	07/01/-09/30/2008	07/01/-09/30/2007
Bargain Purchase	7,669	41,599
Income from the release of provisions	1,261	3,090
Income from costs charged to third parties	1,261	54
Other operating income	16,524	8,019
Total Continued Operations	26,715	52,762
Discontinued Operations	-	1,335
Total Other operating income	26,715	54,097

2.3 Cost of materials

in EUR '000	01/01/-09/30/2008	01/01/-09/30/2007
Raw materials, supplies and consumables	201,811	67,432
Purchased services	36,913	6,367
Purchased goods	3,965	1,764
Total Continued Operations	242,689	75,563
Discontinued Operations	6,354	14,226
Total Cost of materials	249,043	89,789

in EUR '000	07/01/-09/30/2008	07/01/-09/30/2007
Raw materials, supplies and consumables	66,979	52,604a
Purchased services	14,265	4,019
Purchased goods	1,289	908
Total Continued Operations	82,533	57,531
Discontinued Operations	589	1,483
Total Cost of materials	83,122	59,014

2.4 Personnel expenses

in EUR '000	01/01/-09/30/2008	01/01/-09/30/2007
Salaries and wages	78,754	32,428
Social security, pension costs and other benefits	18,624	5,940
Total Continued Operations	97,378	38,368
Discontinued Operations	3,590	9,554
Total Personnel expenses	100,968	47,922

in EUR '000	07/01/-09/30/2008	07/01/-09/30/2007
Salaries and wages	28,469	23,562
Social security, pension costs and other benefits	6,329	3,931
Total Continued Operations	34,798	27,493
Discontinued Operations	435	2,781
Total Personnel expenses	35,233	30,274

3. Notes to selected items in the balance sheet

3.1 Property, plant and equipment

in EUR '000	09/30/2008	12/31/2007
Land and leasehold rights	9,568	5,867
Buildings including buildings on third party land	38,242	20,065
Technical equipment and machinery	46,041	26,242
Office furniture and other office equipment	15,837	9,235
Finance lease for furniture and fittings	14,935	10,738
Advanced payments	1,384	1,310
Total Continued Operations	126,007	73,457
Discontinued Operations	-	253
Total Property, plant and equipment	126,007	73,710

3.2 Inventories

in EUR '000	09/30/2008	12/31/2007
Raw materials, supplies and consumables	40,260	21,157
Unfinished goods and services	48,355	7,619
Finished goods and merchandise	55,515	57,597
Received Prepayments	617	479
Total Continued Operations	144,747	86,852
Discontinued Operations	-	777
Total Inventories	144,747	87,629

3.3 Trade receivables

The trade receivables are primarily due from the following companies:

in EUR '000	09/30/2008	12/31/2007
Berentzen Group	54,609	-
Wellman International	24,844	22,079
connectis	7,643	-
Westfalia Van Conversion	5,527	5,298
Quelle La Source Group	4,984	5,259
Schabmüller Group	4,231	5,344
KTDaythea	4,088	-
DFA – Transport und Logistik	4,010	2,850

3.4 Provisions

in EUR '000	09/30/2008	12/31/2007
Provisions for pensions and similar obligations	23,360	12,533
Provisions for restructuring	10,307	13,673
Employee-related provisions	5,279	4,329
Provisions for warranties	4,590	3,060
Provisions for income tax	3,898	-
Provisions for contingent losses	2,247	1,843
Provisions for commissions	1,084	676
Other current provisions	15,946	9,184
Total Continued Operations	66,711	45,298
Discontinued Operations	-	-
Total Provisions	66,711	45,298

3.5 Financial liabilities

The financial liabilities are primarily due from the following companies:

in EUR '000	09/30/2008	12/31/2007
Berentzen Group	27,063	-
Wellman International	25,742	12,517
DFA – Transport und Logistik	8,159	12,823
Schabmüller Group	6,742	5,000
connectis	4,038	-
Westfalia Van Conversion	2,477	9,729

4. Segment revenues and results

from 1 January until 30 September, 2008

in EUR '000	Services & Solutions	Retail Consumer Products	Industrial Products	Holdings and other	AURELIUS Group
Revenues	78,328	213,185	168,867	612	460,992
Discontinued operations	7,383	-	-	-	7,383
Profit for the period	7,094	6,076	4,918	7,262	25,350
Discontinued operations	109	-	-	-	109

5. Employees

On 30 September 2008 a total of 3,772 members of staff were employed in the AURELIUS Group. Of these 2,199 are salaried employees and 1,573 workers. The majority of employees is working within the subsidiaries.

6. Events after the reporting date 30 September 2008

Voluntary official takeover bid for Berentzen Group

AURELIUS acquired 75.1 percent of the voting ordinary shares of Berentzen Group, Haselünne, with the purchase agreement of 22 July 2008 to the owners. This corresponds to 37.6 percent of share capital.

On 8 September 2008 AURELIUS Opportunity Development GmbH, a wholly owned subsidiary of AURELIUS AG, announced its voluntary official takeover bid to the shareholders of Berentzen Group to acquire their shares from the Berentzen Group. The term of acceptance started on 8 September 2008 and ended 6 October 2008 and the additional term of acceptance began on 9 October and concluded on 23 October 2008. As part of the voluntary official takeover bid 21.00 percent of nonvoting preference shares and 4.4 percent of voting ordinary shares were acquired. After the term of acceptance has expired, the transfer of Berentzen Group shares took place against payment of the offer price.

After the official takeover bid AURELIUS acquired an additional 215,000 nonvoting Berentzen preference shares off-market on 3 November 2008 at a purchase price of EUR 2.65 per share. This proportion corresponds to 2.2 percent of Berentzen AG's share capital.

After the takeover bid on 23 October 2008 and the off-market acquisition of preference shares mentioned above, the proportion of Berentzen AG's share capital amounted to 52.5 percent. Through the acquisition of a further 14.9 percent of the company's share capital, an additional low single digit million other operating income ("Bargain Purchase") will be realized in the fourth quarter.

CDGP disposal

AURELIUS Group successfully sold a 15 percent share of its holding of the French bank Compagnie de Gestion et des Prêts (CDGP). LaSer Cofinoga, a subsidiary of the largest French bank group BNP Paribas, bought the shares. The purchase price for the holding amounts to around EUR 12,3 million. This results in a market value for CDGP of EUR 82.0 million.

CDGP is a subsidiary of the Quelle La Source Group, which AURELIUS acquired from Arcandor in July 2007. The company was established as an in-house bank for processing deferred payments in 1977 and developed over the years into a nationwide consumer credit specialist. CDGP currently has 250,000 active customers and total assets of around EUR 400 million.

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