

**NA Group Report  
on the 1st Quarter of fiscal year 2006/07  
– 1 October to 31 December 2006 –**

**Norddeutsche Affinerie achieves excellent results for the 1<sup>st</sup> quarter of fiscal year 2006/07**

Hamburg, 31 January 2007 – Norddeutsche Affinerie AG generated earnings before taxes of €39 million (€22 million in the prior year) in the 1st quarter of fiscal year 2006/07. This is an excellent result. The plant-related maintenance impacts, typical for the 1<sup>st</sup> quarter, hardly had any effect. The Copper Production Segment made the strongest contribution to earnings. Revenues rose to €1.47 billion (€0.92 billion in the prior year), primarily on account of the high metal prices.

The global copper markets reacted, as expected, as a result of the weakened U.S. economy with a decline in the copper price. Nevertheless, at almost US\$ 6.300/t, this still remained at a high level.

The raw material markets developed well. This applied, in particular, for metal scrap and recycling raw materials. In the Copper Production Segment, 278,000 tonnes of concentrates were processed (211,000 tonnes in the prior year), reaching the targeted throughput. At 142,000 tonnes, cathode output was also substantially up on the prior year (128,000 tonnes).

The Copper Processing Segment benefited from the positive economic trend in NA's European core markets. Here, NA, as a forward integrated copper processor, succeeded in performing very well. Production and sales of wire rod reached 102,000 tonnes (96,000 tonnes in the prior year). At 60,000 tonnes, the output of continuous cast shapes was slightly down on high level of the prior year (62,000 tonnes). Schwermetall Halbzeugwerk's production was also at a high level totalling 61,000 tonnes (62,000 tonnes in the prior year). Prymetall produced 14,000 tonnes of strip and wire products (14,000 tonnes in the prior year).

NA has started off the new fiscal year by generating an excellent result for the 1st quarter. It therefore has created a very good starting position for the whole of the fiscal year, during which we expect the market environment to remain positive, and can compensate for negative effects, such as the much higher costs of electricity.

Consolidated key figures of the NA Group in accordance with IFRS *		Fiscal year 2006/07	Fiscal year 2005/06	Fiscal year 2005/06
		1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	12 months
Turnover	€m	1,469	921	5,753
Gross profit	€m	122	104	446
Personnel expenses	€m	49	47	194
Depreciation and amortisation	€m	13	12	52
EBITDA	€m	53	36	163
EBIT	€m	40	24	111
Earnings before taxes (EBT)	€m	39	22	103
Consolidated net income	€m	23	13	60
Earnings per share	€	0.62	0.38	1.64
Gross cash flow	€m	38	31	112
Capital expenditure	€m	15	15	48
Copper price (average)	US\$/t	7,087	4,297	6,033
Number of employees (average)		3,223	3,187	3,187

\* Before revaluation of LIFO inventories using the average cost method

## **1. Results of operations, financial position and net assets of the NA Group**

The NA Group is reporting in accordance with the International Financial Reporting Standards (IFRS). The accounting policies applied in the preparation of the IFRS financial statements as at 30 September 2006 were continued unchanged. The effects from the revaluation of the LIFO inventories using the average cost method are not included in the following explanations, but reported separately at the end.

### **Results of operations**

Norddeutsche Affinerie has achieved excellent results for the 1<sup>st</sup> quarter of fiscal year 2006/07. The typical seasonal impacts for this quarter and consequences of scheduled maintenance work have hardly had an effect.

Revenues in the NA Group rose to € 1,469 million, up from € 921 million in the prior year, in particular, due to higher metal prices.

The gross profit totalling € 122 million was € 18 million higher year-on-year, a reflection of the extraordinarily positive business performance in this quarter.

Personnel expenses at € 49 million were slightly higher than in the prior year (€ 47 million). The rise is due to increased production and full utilisation of the production capacities.

Depreciation and amortisation rose to € 13 million (€ 12 million in the prior year).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled € 53 million, significantly up on the prior year's result of € 36 million.

At the same time, earnings before interest and taxes (EBIT) at € 40 million were considerably higher (€ 24 million in the prior year). Earnings before taxes were generated in the amount of € 39 million (€ 22 million in the prior year).

The consolidated net income rose to € 23 million, up from € 13 million in the prior year. After eliminating minority interest, this results in earnings per share of € 0.62 (€ 0.38 in the prior year).

The very strong business performance was determined by the following factors:

- Good level of treatment and refining charges for copper concentrates and very good conditions for scrap and recycling raw materials
- High capacity utilisation for the processing of copper concentrates, scrap and recycling raw materials
- Very strong demand and production of wire rod
- Stable high production and sales of continuous cast shapes, pre-rolled strip and finished strips

### Financial position and capital expenditure

The gross cash flow rose to € 38 million, up from € 31 million in the prior year. Due to the lower cash outflow to finance the working capital, the net cash flow improved significantly to € 38 million (€ -129 million in the prior year).

Inventories rose strongly as at 31 December 2006, both quantitatively and as a result of metal prices. Apart from the increased stocks of finished products on account of the public holidays, scheduled plant repair work resulted in higher inventories of raw materials and intermediates. In addition, attractive market conditions were utilised for the early procurement of raw materials, particularly copper scrap.

Capital expenditure in the amount of € 15 million (€ 15 million in the prior year) was focused mainly on plant additions for the expansion of the concentrate and electronic scrap processing as well as preparatory construction measures for the SF power plant.

### Net assets

Total assets were down by about 14 % and totalled € 1,559 (€ 1,811 million as at 30 September 2006). The reduction in trade accounts receivable of € 253 million was compared with an increase in inventories in the amount of € 197 million. The decrease in other receivables and assets in the amount of € 209 million is related to lower fair values for derivative financial instruments.

Equity in the NA Group amounted to € 549 million as at 31 December 2006. The resultant equity ratio of 35 % confirms the sound equity basis of the NA Group.

The long-term and short-term financial liabilities were reduced by € 12 million to € 171 million. On account of the metal prices, the Group also recorded a decrease of € 79 million in trade accounts payable and € 201 million in other short-term liabilities, which include lower negative fair values for derivative financial instruments. Gearing at 28 % was at a very low level.

### Effects on valuation due to the amendment to IAS 2

As a result of the amendment to IAS 2, all available inventories in the NA Group must be measured using the average cost method since 1 October 2005. This leads to considerable discontinuities due to changes in the carrying amounts in the event of metal price fluctuations. These are fictitious results which can give an incorrect economic impression of the Group's results of operations, financial position and net assets. Consequently, a true picture is not really given of the operating performance, and it is therefore impossible to make a comparison with earlier periods.

We first of all presented the net assets, financial position and results of operations of the NA Group without the effects of the revaluation of LIFO inventories. All the changes in the net assets, financial position and results of operations resulting from the application of the average cost method are listed separately in the following:

### Results of operations

After inclusion of the revaluation of the LIFO inventories using the average cost method, the gross profit, earnings before interest, taxes, depreciation and amortisation (EBITDA), earnings before interest and taxes (EBIT) as well as the earnings before taxes (EBT) are each increased by € 34 million (each increased by € 49 million in the prior year). After the recognition of deferred taxes, a €21 million higher consolidated net income remains (€ 29 million in the prior year).

After elimination of minority interest from the consolidated net income, the revaluation of the LIFO inventories results in an increase in earnings per share of €0.55 (€0.86 in the prior year).

### Financial position

The revaluation of the inventories did not have an impact on cash flow.

### Net assets

Total assets as at 30 December 2006 amounted to € 1,919 million after the application of the average cost method, down from € 2,137 million as at 30 September 2006. Inventories rose by €232 million. At the same time, the NA Group's equity increased to € 765 million as at 31 December 2006, or € 696 million as at the end of the last fiscal year, which results in an equity ratio of 40 % as at 31 December 2006. Gearing amounted to 20 %.

## **2. Copper market**

In October 2006, the copper quotations still remained in a narrow corridor of about US\$ 7,450 to 7,650 per tonne. However, in November they had already fallen to below the US\$ 7,000 per tonne mark. By the end of December the copper price had declined to US\$ 6,290 per tonne, which corresponds to a drop of 18 % during the quarter.

There were a series of fundamental reasons for this development. Indications of a slowdown in the U.S. economy had been strengthened since November, where in particular the end of the real estate boom was dampening the economic trend. China's copper cathode imports did not meet expectations. The risks of strikes declined in the copper production sector since an agreement had been reached earlier than expected in the collective bargaining in the South American mining industry. In addition, from November onwards the copper stocks in the warehouses of the metal exchanges rose continually. At the end of the quarter, after an increase of 66,000 tonnes in the course of the quarter, the London Metal Exchange reported copper stock levels of about 183,000 tonnes. Most of these stocks were located in the U.S.A. and reflected the weaker demand for copper there.

### **3. NA's operating segments**

#### **Copper Production Segment**

In the Copper Production Segment, primary and secondary raw materials are processed into copper cathodes and precious metals. The production sites are located in Hamburg and Lünen.

The uptrend of the last fiscal year continued. Earnings improved further on account of the good treatment and refining charges for concentrates and recycling raw materials and a full supply of raw materials.

Revenues amounted to € 1,127 million, up from € 681 million in the prior year. This rise is mainly due to increased metal prices. The comparable EBIT was generated in the amount of € 30.6 million (€ 12.3 million in the prior year), an excellent result.

<b>Key financial ratios in accordance with IFRS in € thousand</b>	<b>Fiscal year 2005/06</b>	<b>Fiscal year 2006/07</b>
	<b>1st quarter</b>	<b>1st quarter</b>
Revenues	681,117	<b>1,126,531</b>
EBIT*	12,336	<b>30,642</b>
EBT*	11,868	<b>30,399</b>

\* Before revaluation of LIFO inventories using the average cost method in the amount of € 11,418 thousand (€ 24,487 thousand in the prior year)

## **Raw material markets**

The spot market for copper concentrates remained stable with treatment and refining charges of US\$ 60 to 70 per tonne for the smelting and cents 6 to 7 per lb for the refining charge. The long-term supply agreements relevant for NA offered a good level of treatment and refining charges.

The absence of Asian commodity traders and the high copper price level led to a very good supply of scrap and to the highest refining charges on record. The supply of other recycling materials was also good overall. This applied, in particular, for end-of-life materials from the electrical and electronic sectors, but also for residues and waste materials. At the end of the quarter the metal trade held back, however, due to the declining copper price and the increasing buying interest of Asian competitors, particularly on the North American market.

## **Cathodes and precious metals**

### Hamburg

The primary smelter was kept fully supplied and processed a total of 278,100 tonnes of copper concentrates, up from 211,000 tonnes in the prior year. In addition to copper concentrates, more than 19,200 tonnes of copper scrap were processed.

In line with the concentrate throughput, 271,500 tonnes of sulphuric acid were produced (208,000 tonnes in the prior year). The revenues from sulphuric acid sales have been enhanced as a result of the good market conditions. Comparably high prices could be achieved, above all, for the overseas business.

The Hamburg copper tankhouse was fully supplied and produced 95,100 tonnes of cathodes (83,300 tonnes in the prior year). The surplus output of copper anodes from the primary smelter was passed on to the copper tankhouse in Lünen to augment its basic supply.

The silver output at 305 tonnes exceeded the prior year's production (195 tonnes) by more than half as much again. The production rise resulted from the increased input of precious metal-bearing raw materials. The gold output rose to 10 tonnes (8 tonnes in the prior year).

### Lünen

The Kayser Recycling System (KRS) was kept fully supplied. The throughput was 10 % up on the prior year and reached a new high at 55,300 tonnes (50,400 tonnes in the prior year).

The high material availability enabled the recycling plants to be fully supplied at good conditions until the first few months of 2007. This applied for copper scrap just as for the many other recycling materials, including industrial waste and end-of-life materials, such as electrical and electronic scrap.

The Lünen tankhouse was fully utilised. In the 1st quarter 47,200 tonnes of cathodes were produced (44,600 tonnes in the prior year).

The Hamburg and Lünen copper tankhouses produced a total output of 142,300 tonnes of copper cathodes (128,000 tonnes in the prior year).

### **Copper Processing Segment**

In the Copper Processing Segment NA's own and bought copper cathodes are processed into continuous cast wire rod and shapes and rolled products. The production sites are located in Hamburg, Emmerich and Stolberg. While wire rod represents a separate business, NA's forward integration from the cathode through continuous cast shapes to the flat products is increasingly developing into an integrated value added chain and thus providing NA with competitive advantages.

With high unit sales, revenues rose in the Copper Processing Segment to € 1,139 million (€ 714 million in the prior year), above all, due to increased metal prices. Despite the usual seasonal effects and scheduled maintenance standstills at Christmas/New Year, earnings before interest and taxes (EBIT) were generated in the amount of € 11.0 million (€ 11.5 million in the prior year).

<b>Key financial ratios in accordance with IFRS</b> in € thousand	Fiscal year 2005/06	Fiscal year 2006/07
	1st quarter	1st quarter
Revenues	714,182	<b>1,139,020</b>
EBIT*	11,521	<b>10,993</b>
EBT*	10,365	<b>9,562</b>

\* before revaluation of LIFO inventories using the average cost method in the amount of € 22,793 thousand (€ 24,336 thousand in the prior year)



### Product markets

Demand for copper products showed a positive trend: the economic upswing in the core markets of Germany/Europe resulted in an increased demand for continuous cast wire rod (ROD), especially for applications in energy cable. The transformer construction and telecommunications sectors also need significantly more copper nowadays. It is already clear now that the strong demand for wire rod will result in full capacity utilisation in the production plants in 2007.

Business was likewise good in the European semis industry. Continuous cast shapes were in great demand as the intermediate product for the manufacture of cable strips out of high-grade copper materials, industrial and transformer strip as well as specialty products for the electronic industry. Demand has picked up in the construction industry and has benefited from the mild winter. The market for industrial pipes has developed well. Only the weakness of the American installation pipe market was noticeable to some degree in Europe as well.

### **Wire rod (ROD)**

The rod plants in Hamburg and Emmerich (NA-share 60 %) produced a total of 102,000 tonnes of wire rod (96,000 tonnes in the prior year). The scheduled maintenance standstills at Christmas/New Year were used in both plants to implement further measures to enhance performance.

### **Continuous cast shapes and flat products (CAST/ROLL)**

A total of 60,000 tonnes of copper shapes was produced in the Hamburg continuous casting plants (62,000 tonnes in the prior year). The product mix has shifted towards high-value copper materials. The amount of high-grade continuous cast products, which are largely processed at Schwermetall Halbzeugwerk, has increased.

Schwermetall Halbzeugwerk (NA share 50 %) produced 61,000 tonnes of pre-rolled strip. Output was thus at the same level as in the prior year (62,000 tonnes). The ongoing strong demand since the beginning of 2006 has continued.

Production and sales have also developed well at Prymetall. The order intake increased significantly and covers the first few months of 2007. The product mix has been successfully changed into high-grade products. 14,500 tonnes of strip and wire products were produced (14,400 tonnes in the prior year).

#### **4. Human resources**

At the end of the 1st quarter the NA group had a total of 3,219 employees (3,181 in the prior year). The rise in personnel was attributable to the increased production and the additional personnel requirement in the pilot plant of CIS-Solartechnik.

At the end of December 2006 there were 233 apprentices in the NA Group (221 in the prior year). This corresponds to a quota of 7.2 % of the workforce.

Fifty young people will finish their apprenticeships throughout the Group in January/February 2007, of which 45 are being taken over with initially fixed-term employment contracts.

#### **5. Research & Development**

The Research & Development Sector was still integrated in the improvement of processes and products in the NA Group. Work focused inter alia on performance enhancement in the concentrate processing and in the copper tankhouses.

NA is intensively pursuing the possibilities of changing processes in the case of very energy-intensive processes and with aspects of further energy recovery, e.g. from process off-gas.

The erection of the pilot plant for CIS solar cells is making progress. Despite delays in the delivery of some apparatus, we wish to reach mass production scale maturity for the solar cells by the end of 2007. In parallel with the current pilot phase, the preliminary planning of the mass production stage has already been started (planned capacity: 20 MWp).

#### **6. Operating and strategic measures to enhance performance**

NA's central operating targets are still the continuous improvement of its efficiency, productivity and quality at all stages of industrial value added.

Since the beginning of the '90s, the efficiency of energy utilisation (electricity, natural gas) has developed into a key issue for NA, because most of NA's processes are very energy-intensive, in particular the process technology for environmental protection.

The erection and commissioning of a power plant in 2009, which will be operated by Hamburg Stadtreinigung GmbH (Hamburg waste management) and NA as a joint venture, will noticeably reduce NA's current dependence on the German energy suppliers and their market oligopoly. The planning and call for tenders for buildings and technology have already been completed. The official approval process, which is being carried out with public sector participation, can most probably be completed in April/May 2007. Preparatory construction measures at the power plant site are already being performed. The main focus at present is on the power plant's long-term supply of substitute fuel.

The new discharging plant for copper concentrates in Brunsbüttel (Elbe), which is the most important measure to reduce costs in logistics, was completed to schedule and commissioned at the end of 2006. The concentrates are now discharged in Brunsbüttel, stored in interim storage facilities and transported by barge to NA in the form of furnace-ready blends.

The proceeding consolidation of the European and global industrial environments as well as the expansion of the sales markets in India, China and South America offer NA the opportunity of further growth as a result of internal capital expenditure as well as the investment in or acquisition of foreign enterprises. NA is excellently positioned to do this:

- NA can prove its operational performance potential at any time and has already demonstrated this in several acquisitions. Thus, NA is an interesting partner for other, likewise globally active, companies in order to exploit operating potential after a merger. This applies equally to copper production and to copper processing.
- The positive trend in NA's shareholder value and its sound balance sheet also provide NA with the preconditions for financing significant investments and acquisitions.

In the coming years, NA will further enhance its very good position in copper production from copper concentrates and recycling raw materials as well as in the wire rod, shape and strip product sectors through internal investment.

This opens up the possibility for NA to consolidate its role in the international copper industry and to create a platform for long-term growth and a sustainable increase in shareholder value.

Work is continuing intensively on this target on the basis of concrete international projects. In 2007 NA will take a first step in the East European growth markets, by erecting a slitting centre for flat products produced by Prymetall in Eastern Europe.

The NA Group will develop into an internationally operating copper enterprise in all aspects, the value of which is constantly being increased in the interests of its shareholders, employees and the community.

## **7. Outlook**

This year again, there will hardly be any improvement as regards the fundamental problems that Germany faces as a location of industry and investment. Industrial enterprises like NA are therefore forced to work with the highest concentration on improving their operating excellence. NA will thus be put to the test again in the current fiscal year.

On the cost side, the significantly higher electricity prices will have an adverse impact as of the beginning of 2007. The extent of the burden until the SF power plant is commissioned depends on the price trend on the German electricity market. At the same time, the chances of a fundamental change in the German energy markets are not bad due to the increasing political pressure.

NA will succeed in compensating for the adverse impacts in the present situation on the global and German/European markets. High operating efficiency and NA's very good position in the raw material and product markets are the basis for this.

The international copper industry is an attractive global growth industry. Because copper is the metal of modern life and growth thanks to its excellent physical, mechanical and chemical properties. It is the basis for energy production and distribution, electrical drives, computer technology, communications and many other applications. Substitution efforts during the continuing high-price-phase will therefore only have very limited effect.

Not unexpected and as hoped for by many participants in the international value added chain of copper, the copper price has meanwhile stabilised at a lower, but still high level. This situation is expected to continue since the international economic growth, especially in Asia and Europe, will keep demand for copper high.

This ensures that the raw material and product markets will continue their overall positive trend for NA.

For copper concentrates, NA's most important raw material, we expect a stable earnings situation. The markets for copper scrap will remain volatile, also in future, and depend on how aggressively Asian traders act in Europe. The market for other recycling raw materials will most probably develop even more positively.

NA expects the product markets to follow a positive trend. The high demand for wire rod already now ensures full utilisation of our production facilities at improved conditions.

Norddeutsche Affinerie has started off 2006/07 with an outstandingly good quarterly result. Thus, the scene has been set for a continued successful business performance in the course of this fiscal year.

**Financial calendar 2007**

<b>29 March 2007</b>	Annual General Meeting
<b>30 March 2007</b>	Dividend payment
<b>9 May 2007</b>	Interim report on 2nd quarter of fiscal 2006/07
<b>14 August 2007</b>	Interim report on 3rd quarter of fiscal 2006/07
<b>19 December 2007</b>	Preliminary results for fiscal 2006/07

<b>Consolidated balance sheet (IFRS)</b> <b>(in € thousand)</b> <b>ASSETS</b>	<b>31.12.2006</b>	<b>30.09.2006</b>
Intangible assets	27,724	27,906
Property, plant and equipment	332,990	330,512
Investment property	45	45
Financial assets		
Interests in affiliated companies	272	272
Investments	629	629
Other financial assets	772	778
	1,673	1,679
Fixed assets	362,432	360,142
Deferred tax assets	1,822	1,621
<i>thereof from revaluation of LIFO inventories</i> <i>using the average cost method</i>	0	0
Non-current receivables and other assets	26,510	26,426
Non-current assets	390,764	388,189
Inventories	1,026,253	794,522
<i>thereof from revaluation of LIFO inventories</i> <i>using the average cost method</i>	360,131	325,920
Current receivables and other assets		
Trade accounts receivable	215,258	468,236
Other receivables and assets	270,044	478,660
	485,302	946,896
Short-term security investments	386	386
Cash and cash equivalents	16,427	6,566
Current assets	1,528,368	1,748,370
	1,919,132	2,136,559

<b>Consolidated balance sheet (IFRS)</b> <b>(in € thousand)</b> <b>EQUITY AND LIABILITIES</b>	<b>31.12.2006</b>	<b>30.09.2006</b>
Equity		
Subscribed capital	95,115	95,115
Additional paid-in capital	101,941	101,941
Retained earnings	594,056	550,683
- <i>thereof earnings from revaluation of LIFO inventories using the average cost method</i>	215,689	195,164
Changes in accumulated other comprehensive income	(29,171)	(54,353)
Minority interest	3,037	2,774
	764,978	696,160
Long-term provisions		
Pension liabilities	55,815	54,964
Deferred tax liabilities	157,768	127,778
- <i>thereof taxes from revaluation of LIFO inventories using the average cost method</i>	144,442	130,756
Other long-term provisions	32,430	32,106
	246,013	214,848
Long-term liabilities		
Long-term financial liabilities	88,252	88,785
Other long-term liabilities	0	588
	88,252	89,373
Non-current provisions and liabilities	334,265	304,221
Other short-term provisions	36,352	40,655
Short-term liabilities		
Short-term financial liabilities	82,833	94,065
Trade accounts payable	467,170	546,410
Income tax payable	10,465	31,369
Other short-term liabilities	223,069	423,679
	783,537	1,095,523
Current provisions and liabilities	819,889	1,136,178
	1,919,132	2,136,559

<b>Consolidated Income Statement (IFRS)</b> <b>(in € thousand)</b>	<b>1st quarter 2006/07</b>	<b>1st quarter 2005/06</b>
Revenues	1,468,519	920,824
Changes in inventories of finished goods and work in process	199,254	145,016
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	52,811	9,110
Own work capitalised	861	294
Other operating income	3,381	3,548
Cost of materials	(1,515,579)	(917,305)
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	(18,600)	39,713
Gross profit	156,436	152,377
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	34,211	48,823
Personnel expenses	(48,819)	(46,803)
Depreciation and amortisation	(12,791)	(12,153)
Other operating expenses	(20,392)	(21,047)
Operational result	74,434	72,374
Interest income	1,383	769
Interest expense	(3,070)	(2,394)
Earnings before taxes (EBT)	72,747	70,749
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	34,211	48,823
Income taxes	(29,111)	(28,410)
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	(13,686)	(19,529)
Consolidated net income before minority interest	43,636	42,339
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	20,525	29,294
Minority interest	(263)	(311)
Consolidated net income	43,373	42,028
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	20,525	29,294
Basic earnings per share (in €)	1.17	1.24
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	0.55	0.86
Diluted earnings per share (in €)	1,17	1,24
- <i>thereof from revaluation of LIFO inventories using the average cost method</i>	0,55	0,86



Consolidated cash flow statement for the NA Group (in € thousand)	1st quarter 2006/07	1st quarter 2005/06
Earnings before taxes	72,747	70,749
Depreciation and amortisation	12,791	12,153
Impairment losses on current assets	126	160
Revaluation of LIFO inventories	(34,211)	(48,823)
Change in long-term provisions	1,175	998
Result of disposal of fixed assets	19	(2)
Net interest expense	1,687	1,625
Income taxes paid	(16,104)	(5,789)
<b>Gross cash flow</b>	<b>38,230</b>	<b>31,071</b>
Changes in receivables and other assets, including short-term security investments	465,997	(32,538)
Change in inventories (without revaluation of LIFO inventories)	(197,454)	(252,463)
Change in short-term provisions	(4,303)	(10,216)
Change in liabilities (excl. financing liabilities)	(264,058)	135,252
<b>Cash inflow (cash outflow in prior year) from operating activities (net cash flow)</b>	<b>38,412</b>	<b>(128,894)</b>
Purchase of fixed assets	(15,112)	(15,186)
Proceeds from disposal of fixed assets	31	34
Interest received	1,383	769
<b>Cash outflow from investing activities</b>	<b>(13,698)</b>	<b>(14,383)</b>
Proceeds from the issuance of bonds and taking up financial liabilities	3,153	120,479
Payments for the redemption of bonds and financial liabilities	(14,936)	(1,033)
Interest paid	(3,070)	(2,394)
<b>Cash outflow (inflow in prior year) from financing activities</b>	<b>(14,853)</b>	<b>117,052</b>
Change in cash and cash equivalents	9,861	(26,225)
Cash and cash equivalents at beginning of period	6,566	29,678
<b>Cash and cash equivalents at end of period</b>	<b>16,427</b>	<b>3,453</b>

Consolidated statement of changes in equity						
(in € thousand)	Subscribed capital	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income	Minority interest	Total
Balance as at 30.09.2005	86,562	34,731	396,740	(17,714)	4,301	504,620
<i>thereof from revaluation of LIFO inventories using average cost method</i>			63,085			63,085
Consolidated net income			42,028		311	42,339
<i>thereof from revaluation of LIFO inventories using average cost method</i>			29,294			29,294
Changes in accumulated other comprehensive income				(12,645)		(12,645)
Exchange differences				(3)		(3)
Balance as at 30.12.2005	86,562	34,731	438,768	(30,362)	4,612	534,311
<i>thereof from revaluation of LIFO inventories using average cost method</i>			92,379			92,379
Balance as at 30.09.2006	95,115	101,941	550,683	(54,353)	2,774	696,160
<i>thereof from revaluation of LIFO inventories using average cost method</i>			195,164			195,164
Consolidated net income			43,373		263	43,636
<i>thereof from revaluation of LIFO inventories using average cost method</i>			20,525			20,525
Changes in accumulated other comprehensive income				25,175		25,175
Exchange differences				7		7
Balance as at 31.12.2005	95,115	101,941	594,056	(29,171)	3,037	764,978
<i>thereof from revaluation of LIFO inventories using average cost method</i>			215,689			215,689

<b>Segment reporting for the NA Group</b>								
(in € thousand)	Copper Production Segment		Copper Processing Segment		Other		Group total	
	1st quarter 2006/07	1st quarter 2005/06	1st quarter 2006/07	1st quarter 2005/06	1st quarter 2006/07	1st quarter 2005/06	1st quarter 2006/07	1st quarter 2005/06
Revenues								
Total revenues	1,126,531	681,117	1,139,020	714,182	408	378		
– thereof inter-Segment revenues	784,303	464,387	13,137	10,466	0	0		
Revenues with third parties	342,228	216,730	1,125,883	703,716	408	378	1,468,519	920,824
EBIT*	30,642	12,336	10,993	11,521	(1,412)	(306)	40,223	23,551
Earnings before taxes *	30,399	11,868	9,562	10,365	(1,425)	(307)	38,536	21,926

\* before revaluation of LIFO inventories using the average cost method

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## Disclaimer

### *Forward-looking Statements*

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