

# **INTERIM REPORT**

## **3rd Quarter 2006/07**

**1 April to 30 June 2007**

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## CONTENTS

<b>0.</b>	<b>Highlights</b>	<b>3</b>
<b>1.</b>	<b>Consolidated Key Figures</b>	<b>4</b>
<b>2.</b>	<b>Results of Operations, Financial Position and Net Assets</b>	<b>5</b>
<b>3.</b>	<b>Copper Market</b>	<b>8</b>
<b>4.</b>	<b>Operating Segments</b>	
-	Copper Production Segment	9
-	Copper Processing Segment	11
<b>5.</b>	<b>Human Resources</b>	
<b>6.</b>	<b>Research &amp; Development</b>	<b>14</b>
<b>7.</b>	<b>NA Shares &amp; Corporate Governance</b>	<b>14</b>
<b>8.</b>	<b>Operating and strategic measures for corporate development</b>	<b>16</b>
<b>9.</b>	<b>Outlook</b>	<b>17</b>
	<b>Dates and Contacts</b>	<b>19</b>
	<b>Appendix</b>	<b>20</b>

## Norddeutsche Affinerie AG increases earnings by 58 %

- **Very good business performance in the first nine months**
- **Positive market environment with high copper demand**
- **Cumerio takeover expected in 2007**

Norddeutsche Affinerie AG (NA) generated earnings before interest and taxes (EBIT) in the amount of € 128 million. This is a 58 % increase compared with the prior year. The 3<sup>rd</sup> quarter contributed a total of € 43 million (€ 30 million in the prior year) to this result. The consolidated net income improved by 61 % to € 71 million (€ 44 million in the prior year). Earnings per shares increased to € 1.89 (€ 1.21 in the prior year). The Copper Production Segment made the greatest contribution to earnings with EBIT of € 90 million (€ 46 million in the prior year). The Copper Processing Segment was also very successful with EBIT in the amount of € 43 million (€ 35 million in the prior year). In addition to high product sales, the continuing high copper price ensured that revenues rose substantially to € 4,689 million (€ 3,906 million in the prior year). It can be expected that this business year will develop into the best in the company's history in view of the results for revenues and earnings to date.

The copper market showed disparate trends, but was still characterised by the strong copper demand worldwide. NA participated in the overall good conditions on the raw material and product markets. The weakness prevailing on the concentrate markets for the past calendar year only had an insignificant effect on NA due to its long-term contract structure. The copper-price related substitution of low value copper applications only affects NA to a limited degree since it is basically focused on high-value applications.

The processed quantities of copper concentrates increased to 837,000 tonnes, 9 % up on the prior year (767,000 tonnes). The production of copper cathodes rose to 426,000 tonnes (407,000 tonnes in the prior year).

The output of wire rod reached 341,000 tonnes (321,000 tonnes in the prior year). In contrast, the production of continuous cast shapes at 183,000 tonnes was slightly down on the prior year (201,000 tonnes). Schwermetall Halbzeugwerk and Prymetall were likewise well utilised with an output of 188,000 tonnes (192,000 tonnes in the prior year) and 48,000 tonnes (50,000 tonnes in the prior year) respectively. Prymetall successfully continued to focus more strongly on strip products with higher value added.

As part of its international growth strategy, NA intends to take over the Belgium copper producer, Cumerio, as part of its international growth strategy. On 30 July NA filed the merger control notification of the takeover to the EU Commission. The Group is thus on schedule to complete the takeover in the second half of 2007. The strong industrial logic of the combination of NA and Cumerio forms the basis for the company's further strategic development. Moreover, on 15 June 2007, the Possehl Group sold its 10 % share package to the Austrian company, A-Tec Industries AG.

## 1. CONSOLIDATED KEY FIGURES

IFRS\*

In € m

	Q3 2006/07	Q3 2005/06	%diff.	9M 2006/07	9M 2005/06	%diff.
Revenues	1,722	1,643	+4.8	4,689	3,906	+20.0
Gross profit	142	112	+26.8	400	326	+22.7
Personnel expenses	57	51	+11.8	155	145	+6.9
Depreciation and amortisation	17	12	+41.7	44	36	+20.1
EBITDA	60	42	+42.9	172	118	+45.8
EBIT	43	30	+43.3	128	81	+58.0
Earnings before taxes (EBT)	41	27	+51.9	123	75	+64.0
Consolidated net income	23	16	+43.8	71	44	+61.4
Earnings per share (in €)	0.60	0.41	+46.3	1.89	1.21	+56.2
Gross cash flow	49	45	+8.9	131	108	+21.3
Capital expenditure	88	12	-	147	37	-
Copper price (average, in US\$/t)	7,637	7,251	+5.3	6,875	5,476	+25.6
Number of employees (average)	3,196	3,171	+0.8	3,208	3,178	+0.9

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

## 2. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

The NA Group is reporting in accordance with the International Financial Reporting Standards (IFRS). In accordance with IAS 34, the accounting policies applied in the preparation of this Interim Report were basically the same as those used for the IFRS financial statements as at 30 September 2006. 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

NA continued to its strong performance in the third quarter of the current fiscal year, so that excellent results were generated overall in the first nine months of the fiscal year.

**Excellent  
operating  
results**

Revenues in the NA Group rose to € 4,689 million, up from € 3,906 in the prior year. This was primarily due to the again higher metal prices compared with the same period in the prior year and increased unit sales for wire rod.

The gross profit, which reflects the company's business performance better, rose by € 74 million to € 400 million (€ 326 million in the prior year). This 23 % increase was attributable both to the very good operating performance as well as improved market conditions.

**22.8 % increase  
in gross profit**

Personnel expenses at € 155 million were € 10 million up on the prior-year level. The reason for this was the tariff wage-scale increases, expenditure as part of performance-oriented remuneration and wage costs as a result of a production increase.

Depreciation and amortisation on intangible assets and property, plant and equipment rose to € 44 million (€ 36 million in the prior year). In addition to higher capital expenditure, special write-downs were necessary after abandoning the SF power plant project. This impairment in the amount of € 3.8 million related to preparatory construction measures taken in the eastern part of the Hamburg works, which had become obsolete after the power plant had been given up.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose to € 172 million (€ 118 million in the prior year). Earnings before interest and taxes (EBIT) increased to € 128 million, € 47 million up on the prior year. The EBIT for the 3<sup>rd</sup> quarter amounted to € 43 million, € 13 million higher than in the previous year.

**EBIT up 58.3 %**

Earnings before taxes (EBT) were generated in the amount of € 123 million, € 48 million up year-on-year (€ 75 million).

The gross profit margin (EBT in relation to gross profit) rose in the fiscal year from 23 % to 31 %.

**Gross profit  
margin further  
increased**

The consolidated net income rose to € 71 million (€ 44 million in the prior year). After deduction of minority interest, this results in earnings per share of € 1.89 (€ 1.21 in the prior year).

**60.9 % increase in consolidated net income**

The following factors are reflected in the very good business performance:

- Very good supply of copper scrap and high refining charges
- High treatment and refining charges for the processed copper concentrates
- Good utilisation of the production capacities for copper smelting and higher output of copper cathodes
- Negative impacts of the decline in the US dollar exchange rate could be limited by forward sales
- Higher output of wire rod and improved sales conditions
- Higher level of surcharges for continuous cast shapes with slightly reduced demand
- Higher profit contribution from subsidiaries
- Costs resulting from expenditure for current strategic projects

## Financial position and capital expenditure

The gross cash flow rose to € 131 million (€ 108 million in the prior year) mainly due to the improvement in the EBIT from operations.

**Strong cash flow supports capital expenditure on expansion**

Capital expenditure amounts to € 147 million in the current fiscal year (€ 37 million in the prior year). Expenditure on property, plant and equipment in the amount of € 75 million was focused on the expansion of the concentrate and electronic scrap processing facilities as well as plants for concentrate handling and transport in Brunsbüttel, which is recognised as part of a finance leasing.

The additions to financing assets include the acquisition of 9.6 % of the shares in the Belgium copper smelter Cumerio in the amount of € 72 million including the incidental expenses of € 3.9 million.

Inventories increased in the quarter by € 72 million compared with the prior quarter. This increase is mainly due to increasing stocks of scrap in order to utilise the currently extraordinarily high level of refining charges in the following months.

Trade accounts receivable were affected primarily by the shortened payment terms. In parallel, the reduction of positive fair values from exchange transactions led to a decline in other receivables and assets.

**Working Capital optimized further**

## Net assets

Total assets as at 30 June 2007 increased to € 1,906 million, up from € 1,811 million as at 30 September 2006. This is attributable to the rise in inventories and capital expenditure in property, plant and equipment and financial assets.

**Continued sound equity basis**

The NA Group's equity as at 30 June 2007 amounted to € 571 million (€ 501 million as at 30 September 2006). Equity was increased by the net income for the period in the amount of € 71 million and the changes in accumulated other comprehensive income of € 39 million. The dividend payment of NA AG resulted in an outflow of equity of € 39 million. Despite the higher balance sheet total, NA continues to have a sound equity ratio of 30 % as at 30 June 2007.

The increased requirement for means to finance the investments resulted in a € 64 million rise in financial liabilities to € 247 million. At 42 %, gearing was still at a low level.

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

As a result of the current stipulations of IAS 2, all available inventories in the NA Group have to be measured using the average cost method. This leads to considerable discontinuities due to changes in the carrying amounts in the event of metal price fluctuations, which can lead to a loss of comparability. These are, however, not liquidity-related results and, on account of the policy practised in the group of covering the metal risks, lead to profits, which can be neither taxed nor distributed as dividends.

We have therefore presented the net assets, financial position and results of operations of the NA Group first of all 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:

#### **Impact on results of operations**

The application of the average cost method resulted in an increase in EBT, EBIT, EBITDA and gross profit in the reporting period of € 66 million each (€ 161 million increase each in the prior year). A € 40 million higher consolidated net income (€ 97 million in the prior year) remains after the recognition of deferred taxes. After elimination of minority interest from consolidated net income, the revaluation results in € 1.07 higher earnings per share (€ 2.71 in the prior year).

#### **Impact on financial position**

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

#### **Impact on net assets**

Total assets as at 30 June 2007 amounted to € 2,298 million after application of the average cost method, compared with € 2,137 million as at 30 September 2006. The revaluation of LIFO inventories resulted in € 392 million higher inventories (€ 326 million as at 30 September 2006).

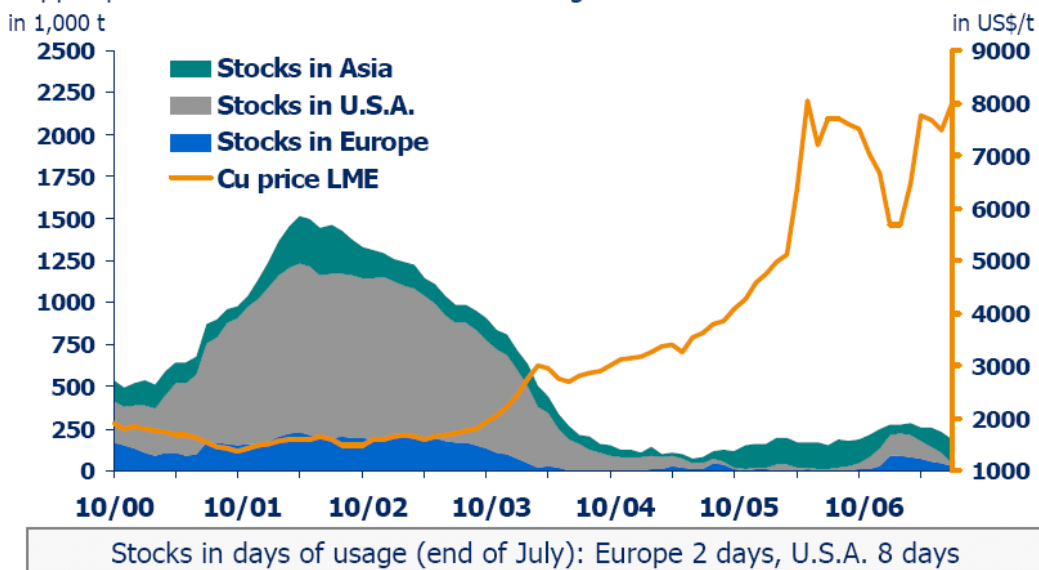
Equity in the NA Group as at 30 June 2007 increased € 235 million to € 806 million, after a rise of € 195 million to € 696 million at the end of the last fiscal year. On this basis, the NA Group's equity ratio amounts to 35 % with gearing at 30 %.

### 3. COPPER MARKET

The copper price showed disparate trends in the 3rd quarter. A 19 % rise to about US\$ 8,200/t was followed by a decline to US\$ 7,140/t. In June the copper price stabilised in a range of about US\$ 7,260 to 7,650/t.

**Fundamentally strong environment in the copper market**

Copper price and stocks at the metal exchanges



The price performance was initially affected by negative factors:

- The revaluation of risks by investors as a result of the uncertain U.S. economic trend;
- Increasing copper stocks at the Shanghai Futures Exchange.

This was followed by a return to the overall positive fundamental situation on the copper market:

- There was a production deficit in the global market in spring 2007, i.e. a lack of supplies of electrolytic copper on the market, that still exists
- Copper demand held up well in the 3<sup>rd</sup> quarter of the fiscal year – with regionally differing characteristics. Growth centres were China and Europe. It was only in the U.S. that demand was weaker
- The copper stocks in the warehouses of the Western metal exchanges continually declined
- The situation in the South and North American copper industry was impacted by labour disputes which resulted in loss of production



## 4. OPERATING SEGMENTS

### COPPER PRODUCTION SEGMENT

The Copper Production Segment produces copper cathodes and precious metals, by-metals, metal compounds and chemical products from primary raw materials and recycling materials. The main production sites are Hamburg and Lünen. Copper cathodes and precious metals are the most important products as regards earnings.

Until June 2007, the Segment's revenues increased to € 3,298 million (€ 2,677 million in the prior year). EBIT reached € 90 million (€ 46 million in the prior year) and was thus almost doubled. EBT showed a comparable trend and amounted to € 88 million (€ 45 million in the prior year).

The reason for this extraordinarily positive trend in earnings was primarily due to the utilisation of good conditions on the raw material markets and very positive production performance in Hamburg and Lünen.

The cathode output amounted to a total of 426,000 tonnes in the first nine months. This was 5 % up on the prior year's output of 407,000 tonnes.

### COPPER PRODUCTION SEGMENT

IFRS

In € thousand

	Q3 2006/07	Q3 2005/06	%diff.	9M 2006/07	9M 2005/06	%diff.
Revenues	1,192,834	1,125,117	6.0	3,297,831	2,676,784	23.2
EBIT	28,432	18,397	54.6	90,043	46,175	95.0
Earnings before taxes (EBT)	27,787	17,705	56.9	88,445	44,788	97.5

\* before revaluation of LIFO inventories

### Raw material markets

The markets for the main raw materials such as copper concentrates, scrap and recycling raw materials showed disparate trends despite the high copper price.

The market for copper concentrates was impacted by a deficit in the last few months. While concentrate demand increased, particularly as a result of smelter expansions in Asia, production losses at mines in South America impacted world supplies considerably. These production stoppages were mostly caused by strikes and technical difficulties. As a result, the treatment and refining charges on the spot market were at a comparably low level and fluctuated mainly between US\$ 20 – 45/t and cents 2 – 4.5/lbs. At the same time the TC/RCs for long-term agreements came under considerable pressure. The market level was generally between US\$ 50 – 65/t and cents 5 – 6.5/lbs. NA was, however, only marginally

NA is well positioned on the raw material markets

affected by this situation, since the Group had already procured sufficient concentrate supplies on the market in good time from long-term agreements.

On the scrap and recycling side, the market environment developed positively. The good supply of copper scrap as well as alloy scrap and recycling materials was combined with a further rise in refining charges. This positive trend is continuing at present both on the European and on the overseas supply markets. NA has again achieved competitive advantages due to its ability to process a wide range of different raw materials. The conditions for special recycling raw materials, such as electronic scrap, also improved significantly.

### Cathodes and precious metals

#### Hamburg

The Copper Production Segment processed 274,000 tonnes of copper concentrates in the 3rd quarter. This performance corresponds to the level of the prior year. With high plant availability, the smelter was thus operating to full capacity.

The accumulated concentrate throughput amounted to 837,000 tonnes, 9 % up on the prior-year period (767,000 tonnes).

**9 % increase in  
concentrate  
throughput**

About 95,000 tonnes were produced in the copper tankhouse. The accumulated cathode output in the fiscal year totalled 284,000 tonnes, 5 % up on the prior year (270,000 tonnes).

With an unchanged good supply situation, the processing of silver-bearing raw materials could be enhanced further. Silver output rose again in the 3<sup>rd</sup> quarter and at 312 tonnes was 7 % up on the prior year (292 tonnes). In total, the production of silver has increased significantly year-on-year to 915 tonnes (712 tonnes in the prior year) in the fiscal year.

As a result of the lower gold contents in the raw materials for copper production, the gold output at 8.6 tonnes did not quite match the prior year's figure (10.2 tonnes) in the 3rd quarter. The accumulated gold production amounted to 25.5 tonnes (27.3 tonnes in the prior year).

#### Lünen

The very good raw material supply enabled all the recycling plants in Lünen to be fully utilised.

In the Kayser Recycling System (KRS) 50,000 tonnes of recycling raw material were processed in the 3<sup>rd</sup> quarter, a 10 % increase year-on-year. The accumulated throughput in the first nine months totalled 157,000 tonnes, 8 % up on the prior year.

**KRS throughput  
up by 9 %**

The copper tankhouse produced 49,000 tonnes in the 3<sup>rd</sup> quarter, 5 % up on the prior year (46,000 tonnes). In total, the cathode output in Lünen amounted to 142,000 tonnes (137,000 tonnes in the prior year).

Interim Report on 3rd Quarter 2006/07

#### Comparison 9 Months

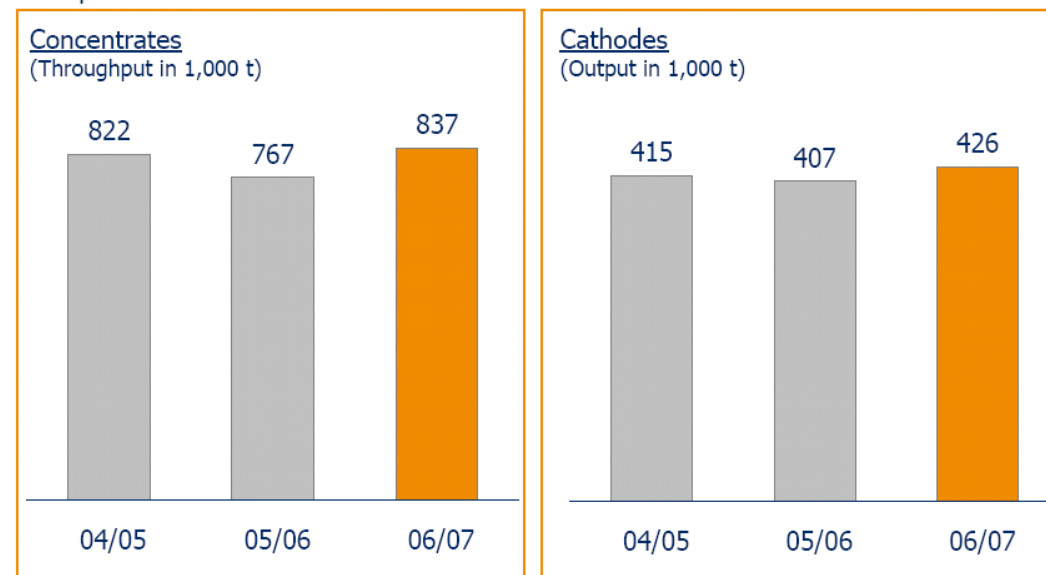


Chart: Concentrate throughput and cathode output

### COPPER PROCESSING SEGMENT

In the Copper Processing Segment our own and bought copper cathodes are processed into wire rod and shapes and rolled products. The main production sites are located in Hamburg, Emmerich (Deutsche Giessdraht) and Stolberg (Schwermetall Halbzeugwerk, Prymetall).

Revenues rose on account of good unit sales and the continuing high metal prices by 21 % to € 3,663 million (€ 3,023 million in the prior year). The positive economic environment in the core market of Europe made it possible for the level of shape surcharges to be increased for most of the copper products. This positive development was supported by NA's good service and high product quality.

Shape surcharge  
for copper  
products increased

Segment earnings before interest and taxes (EBIT) rose by 24.4 % to € 43 million (€ 35 million in the prior year). EBT increased by 31.6 % to € 40 million (€ 30 million in the prior year).

EBIT up 24%

Interim Report on 3rd Quarter 2006/07

## COPPER PROCESSING SEGMENT

IFRS

In € thousand

	Q3 2006/07	Q3 2005/06	%diff.	9M 2006/07	9M 2005/06	%diff.
Revenues	1,353,425	1,286,257	5.2	3,662,735	3,023,146	21.2
EBIT	15,528	10,720	44.9	43,486	34,947	24.4
Earnings before taxes (EBT)	14,671	8,483	73.0	39,876	30,293	31.6

\* before revaluation of LIFO inventories

### Product markets

The continuing high copper price increasingly weighs down the value added chain of copper, since the financing costs for starting products, intermediates and end products have risen significantly. This has caused customers to change their buying policy significantly. In addition, substitution is now observed for copper in low-value products such as installation pipes, roofing copper, etc. These markets are, however, only important for NA to a limited extent.

**Positive market environment for cable and wire**

The situation in the European cable and wire industry, the main customer for wire rod, was again positive overall in the 3<sup>rd</sup> quarter 2006/07.

Sales at producers of energy cable remain strong. Due to the high and volatile copper price, demand in this industry has, however, become very short term. The customers' trend to optimise their stock levels continued and required a high logistical flexibility.

The demand for wire rod for the production of enamelled wire remained high. The good economic trend in the renewable energy sector, in particular wind power and transformer construction, had a very positive impact.

The European semis industry, the customer of NA's shapes, pre-rolled strip and shaped wires, experienced in contrast a decline in demand in the 3<sup>rd</sup> quarter. The slight economic slowdown and the high copper price had an effect here. In the flat product sector, order receipts from the semis industry have calmed down after an overheated phase. The prolonged delivery times have meanwhile been reduced to normal.

### Wire rod (ROD)

The output of wire rod in the first nine months amounted to a total of 341,000 tonnes. Of this 237,000 tonnes were produced in Hamburg and 104,000 tonnes in Emmerich. A steady rise in production and sales could be realised since fiscal year 2004/05. The total output of both plants amounted to 114,000 tonnes in the 3<sup>rd</sup> quarter.

## Continuous casting (CAST)

An output of 183,000 tonnes of continuous cast shapes was achieved in Hamburg. Although this is a 9 % decline compared with the high of the prior year, it is still a very good production level. Pure copper materials were mainly affected by the decline. A total of 61,000 tonnes was produced in the 3<sup>rd</sup> quarter, of which 19,000 tonnes were billets and 42,000 tonnes were cakes.

**Sales of continuous cast shapes at a high level**

### Comparison 9 Months

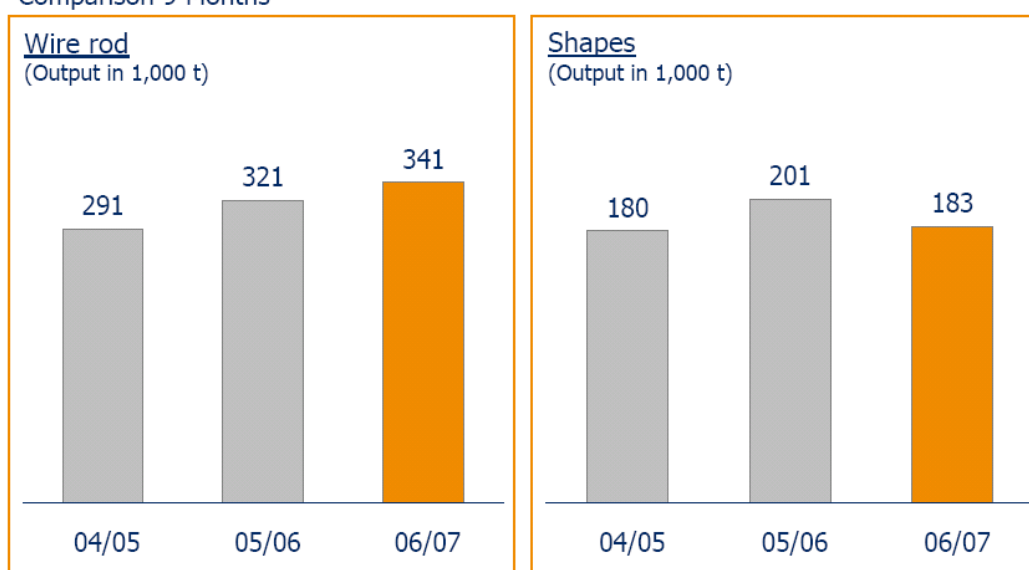


Chart: Output of continuous cast wire rod and shapes

## Pre-rolled strip (Schwermetall Halbzeugwerk)

Sales of pre-rolled strip in the European market remained stable. In contrast, the overseas business declined due to the appreciation of the Euro. Overall, the trend towards products with a high profit margin resulted in improved earnings.

**Focus on products with a high profit margin**

Until 30 June 2007 a total of 188,000 tonnes of pre-rolled strip was produced. This is a decline of 4,000 tonnes or 2 % compared with the prior year. 61,000 tonnes were produced in the 3<sup>rd</sup> quarter.

## Strip and wire (Prymetall)

Prymetall showed a positive trend in earnings, which is attributable to the successful concentration on high-value products. After the very high order intake for strip and wire semis in the first two quarters, demand declined slightly in the 3<sup>rd</sup> quarter, in particular for seasonal reasons.

After nine months, the output amounted to 36,000 tonnes of strip and 12,000 tonnes of wire products in the fiscal year. The prior year figures were 40,000 and 10,000 tonnes respectively. In the 3<sup>rd</sup> quarter 12,000 tonnes of strip and 4,000 tonnes of wire products were produced.

## 5. HUMAN RESOURCES

### Human resources

By the end of the 3rd quarter, the NA Group had a total of 3,199 employees, 21 more than in the prior year.

In the new apprenticeship year 2006/07, NA will employ a total of 83 new apprentices in 2007. NA's training programme covers 15 trades and professions. NA is therefore continuing its endeavours to maintain and enhance the professional skills and ability of its employees and has an exemplary percentage of its workforce in apprenticeships, namely more than 7.6 %.

**High percentage of apprentices at NA**

### Employee share ownership

NA would like to give as many of its employees as possible the chance to participate in the company by owning a growing number of shares. The Group therefore again gave its employees the opportunity to buy NA shares at a discount. This year, with a total of 1,796 (1,241 in the prior year) more than half the employees took advantage of this offer. They bought a total of 37,243 shares (25,731 in the prior year).

### Incentive programme

From the beginning of April 2007 to mid June 2007, the Executive Board and senior staff exercised their options under the incentive programme, since the price of NA shares had risen accordingly and NA shares had performed better in the reference period than the CDAX.

## 6. RESEARCH AND DEVELOPMENT

Apart from the development of CIS solar cells, research and development activities focused on metallurgical topics. This related in particular to the optimisation of the tin production in the KRS as well as the processing of copper anodes with certain impurity levels.

In the pilot tests for the production of CIS solar cells, delays have occurred as a result of supply bottlenecks at the plant manufacturers. Consequently, the pilot phase will most likely not be completed until the first half of 2008.

## 7. NA SHARES AND CORPORATE GOVERNANCE

Since 1 April 2007 NA shares have gained significantly in value. Starting from €23.85, a closing price was quoted in Frankfurt of €32.77 as at 29 June 2007. This is an increase of 37 %. In the same period, the DAX rose by 15 % and the MDAX by only 8 %. NA's market capitalisation exceeded the level of €1 billion on 11 May.

**Significant uptrend  
in share price**

The NA share performance was determined by the announced takeover of the Belgium copper producer Cumerio on 24 June 2007 and the sale of the 10 % share package of Possehl Beteiligungsverwaltungs GmbH to the Austrian A-TEC Industries AG on 15 June 2007.

Currently NA shares are quoted at €30.50 (13 August 2007, 12 noon). This corresponds to market capitalisation of €1.1 billion.

There are no relevant matters to report in the Corporate Governance sector.

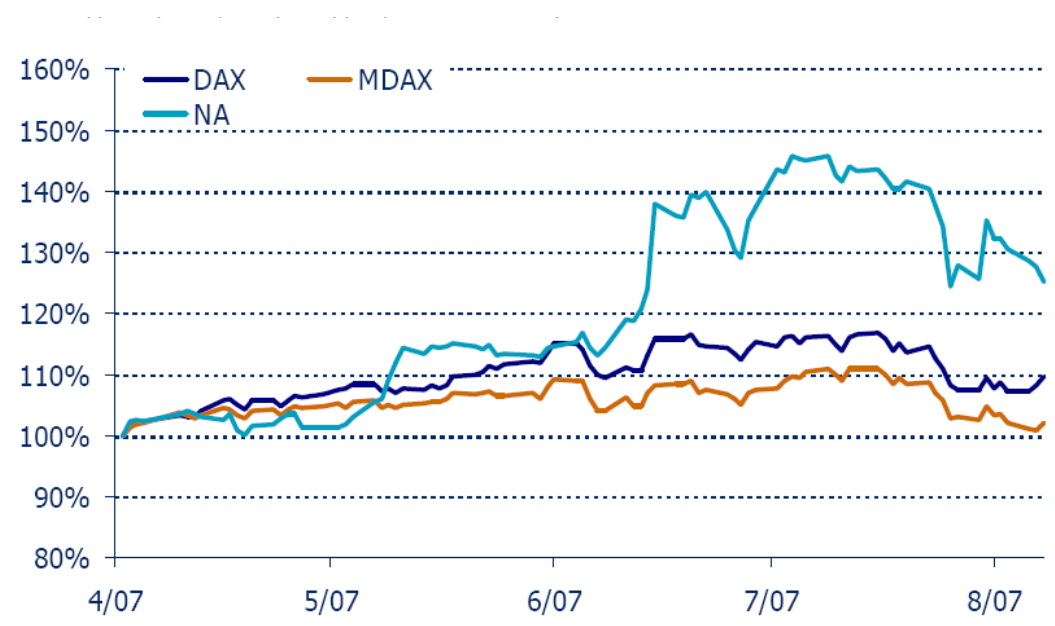


Chart: Comparison of price performances (from 1 April to 10 August 2007)



## 8. OPERATIONAL AND STRATEGIC MEASURES FOR CORPORATE DEVELOPMENT

NA is continuously working on enhancing its performance, productivity and quality on all stages of the value chain. NA has an exceptional position here and differs considerably from its European and international competitors. NA will be able to use this know-how accordingly in its external growth steps.

**NA continuing with leading operating performance and productivity**

At present the improvement in energy efficiency throughout the entire Group is one of the most important operational measures. Significant potential for improvement has already been identified and will be implemented rapidly.

### Energy supply secured long-term

In an agreement with Vattenfall Europe AG („Vattenfall“), concluded at the beginning of May 2007, NA secured its energy supply long-term and distanced itself completely from the energy price trend on the energy exchange EEX. NA is participating in a bituminous coal-fired power plant, which Vattenfall is building in Hamburg, by the acquisition of a (virtual) slice. From 1 January 2010 onwards, the NA Group will procure one billion Kilowatt hours of electricity p.a. for the duration of 30 years. With the new supply, NA will be able to substantially reduce the costs of its electricity supply from 2010 onwards. Vattenfall Europe will supply NA with electricity at completely transparent, cost-based conditions. Thus, a part of the investment is to be paid in advance. It is planned to finance this upfront payment primarily by off-balance sheet financial instruments.

**Significant electricity cost savings from 2010 onwards**

### Takeover of Belgium copper producer Cumerio

In addition to the operating improvement measures, NA as the leading European copper company is working intensively on the implementation of its internal and international growth strategy. The urgently required consolidation of the European and global industrial environment as well as the development of the markets in India, China and South America offer NA the opportunity to develop further by internal investment as well as by the investment in or the acquisition of external companies. NA is aiming at becoming an international copper group initially via a European growth platform.

**Course set for successful takeover of Cumerio**

The best prerequisites for the creation of this European platform are presented by the merger of NA with the Belgium copper producer Cumerio, which has been planned since the beginning of the year.

On 24 June 2007 NA had announced that it would combine its business activities with the Belgium copper producer, Cumerio, and make a public cash takeover bid at € 30 per share.

The offer valued Cumerio equity at a total of € 777 million. The offer prospectus will be published after the approval by the EU and Swiss merger control authorities.



The takeover of Cumerio will result in a Group with some 4,600 employees, an annual production of about one million tonnes of copper cathodes and annual proforma revenues of €9.1 billion.

The combination creates a European growth platform with production sites in Germany, Belgium, Bulgaria, Italy and Switzerland. This provides NA with the best prerequisites for further internationalisation steps.

**Cumerio takeover creates significant value added for NA shareholders**

The combination of NA and Cumerio offers significant potential to optimise the utilisation and profitability of their facilities. Based on initial estimates, there are synergies of between € 15 – 20 million per annum. These can be realised very quickly.

At the beginning of August NA held more than 17 % of the voting rights in Cumerio.

After filing the merger control notification of the takeover of Cumerio with the EU Commission on 31 July, NA has taken a further important step towards the creation of the leading integrated copper group in Europe. NA expects the Commission to give its approval in September 2007. On 10 July Cumerio's Board of Directors had already recommended its shareholders to tender their shares into the NA takeover bid.

## 9. OUTLOOK

After the completion of three quarters, it is clear today that NA will generate an excellent profit for fiscal year 2006/07. It will be the best result in the company's history. NA has achieved this by continually enhancing its performance over many years.

**Excellent results expected for 2006/07**

In addition to the to some degree very good general conditions on the raw material and product markets, the company's operating performance was also decisive for this development. Thus, NA could already compensate in this fiscal year for negative parameters and external factors, such as the price rises on the energy markets as well as the devaluation of the U.S. dollar, by successful cost-reduction and performance enhancement measures and taking out forward cover for exchange rate differences.

The demand for copper is expected to remain high in the next fiscal year as long as there is no fundamental change in the global economy. Asia and South America will remain the strong growth regions for copper. The European copper market will show a positive trend, however it will still be very strongly dependent on the economic trend in the industrial core countries.

Since it is anticipated that the copper price will remain at the high level, further substitution effects for copper products in mass applications must be expected. Consequently, unit sales and margins for commodity products will become increasingly under pressure. By focusing on products with high profit margins, NA will only be affected by this to a limited degree.

The developments on the international concentrate markets should be impacted by concentrate shortages in the remainder of 2007. From NA's viewpoint, the trend towards higher TC/RCs will take effect in the course of 2008, when concentrate markets will be in surplus as a result of rising mining output. Thanks to its procurement strategy, NA will be less affected by the decline in TC/RCs, but will have to adjust to lower revenues from TC/RCs if the U.S. dollar depreciates further.

The trend on the recycling markets is still assessed as positive. This concerns, above all, special raw materials, such as electronic scrap. The conditions for scrap will be very dependent on the behaviour of Asian buyers.

The markets for wire rod, shapes and flat products are estimated as positive overall, since the forecasts of the end-user industries are still very positive. How long the current weakness in sales of continuous cast and flat products will last, will be seen at the end of the vacation period in the European core markets. The tendency towards the substitution of copper products, which do not require copper's excellent material properties, will not change in the event of a continuing high copper price. All product sectors, for which the high electrical and thermal conductivity of copper is indispensable, are therefore assessed as stable or growing.

On the basis of the Group today, i.e. without the effects of the Cumerio takeover, NA again expects good results in the next fiscal year, even if they may have difficulty in matching the excellent level of the current fiscal year.

**Positive  
expectations for  
fiscal year 2007/08**

## FINANCIAL CALENDAR 2007

10 November 2007	Open Day at the Hamburg Stock Exchange
19 December 2007	Preliminary results for fiscal year 2006/07

## IR CONTACTS

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## **Disclaimer**

### *Forward-looking Statements*

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

# CONSOLIDATED BALANCE SHEET

IFRS

In € thousand

Assets	30.06.2007	30.09.2006
Intangible assets	27,527	27,906
Property, plant and equipment	360,526	330,512
Investment property	45	45
Financial assets		
Interests in affiliated companies	272	272
Investments	75,979	629
Other financial assets	4,450	778
	80,701	1,679
Fixed assets	468,799	360,142
Deferred tax assets	1,568	1,621
Non-current receivables and other assets	28,714	26,426
Non-current assets	499,081	388,189
Inventories	1,116,031	794,522
- thereof from the revaluation of LIFO inventories using the average cost method	391,936	325,920
Current receivables and other assets		
Trade accounts receivable	307,307	468,236
Other receivables and assets	370,003	478,660
	677,310	946,896
Short-term security investments	386	386
Cash and cash equivalents	5,535	6,566
Current assets	1,799,262	1,748,370
<b>Total assets</b>	<b>2,298,343</b>	<b>2,136,559</b>
<b>Equity and liabilities</b>		
Equity		
Subscribed capital	95,115	95,115
Additional paid-in capital	101,941	101,941
Retained earnings	621,683	550,683
- thereof from the revaluation of LIFO inventories using the average cost method	234,774	195,164
Changes in accumulated other comprehensive income	(15,095)	(54,353)
Minority interest	2,517	2,774
	806,161	696,160
Long-term provisions		
Pension liabilities	57,520	54,964
Deferred tax liabilities	185,439	127,778
- thereof from the revaluation of LIFO inventories using the average cost method	157,162	130,756
Other long-term provisions	32,535	32,106
	275,494	214,848
Long-term liabilities		
Long-term financial liabilities	154,591	88,785
Other long-term liabilities	0	588
	154,591	89,373
Non-current provisions and liabilities	430,085	304,221
Other short-term provisions	47,396	40,655
Short-term liabilities		
Short-term financial liabilities	92,086	94,065
Trade accounts payable	615,222	546,410
Income tax payable	19,105	31,369
Other short-term liabilities	288,288	423,679
	1,014,701	1,095,523
Current provisions and liabilities	1,062,097	1,136,178
<b>Total equity and liabilities</b>	<b>2,298,343</b>	<b>2,136,559</b>

# CONSOLIDATED INCOME STATEMENT

IFRS

In € thousand

	Q3 2006/07	Q3 2005/06	9M 2006/07	9M 2005/06
Revenues	1,721,686	1,642,862	4,688,712	3,906,117
Changes of inventories of finished goods and work in process	28,116	51,332	160,508	176,762
- thereof from the revaluation of LIFO inventories using the average cost method	(12,160)	4,602	3,329	18,445
Own work capitalised	704	655	2,493	2,215
Other operating income	4,943	4,296	14,840	14,034
Cost of materials	(1,586,560)	(1,528,450)	(4,400,483)	(3,612,581)
- thereof from the revaluation of LIFO inventories using the average cost method	38,555	53,936	62,687	142,438
<b>Gross profit</b>	<b>168,889</b>	<b>170,695</b>	<b>466,070</b>	<b>486,547</b>
- thereof from the revaluation of LIFO inventories using the average cost method	26,395	58,538	66,016	160,883
Personnel expense	(56,673)	(50,652)	(154,825)	(144,788)
Depreciation and amortisation	(17,265)	(12,115)	(43,714)	(36,395)
Other operating expenses	(26,104)	(19,849)	(73,669)	(63,338)
<b>Operational result</b>	<b>68,847</b>	<b>88,079</b>	<b>193,862</b>	<b>242,026</b>
Result from investments	572	0	579	6
Interest income	2,755	1,239	5,975	3,133
Interest expense	(4,323)	(4,168)	(11,258)	(9,176)
<b>Earnings before taxes</b>	<b>67,851</b>	<b>85,150</b>	<b>189,158</b>	<b>235,989</b>
- thereof from the revaluation of LIFO inventories using the average cost method	26,395	58,538	66,016	160,883
Income taxes	(29,470)	(34,508)	(78,207)	(95,129)
- thereof from the revaluation of LIFO inventories using the average cost method	(10,558)	(23,413)	(26,406)	(64,350)
<b>Consolidated net income</b>	<b>38,381</b>	<b>50,642</b>	<b>110,951</b>	<b>140,860</b>
- thereof from the revaluation of LIFO inventories using the average cost method	15,837	35,125	39,610	96,533
Income attributable to minority interest	(362)	(290)	(939)	(910)
<b>Consolidated net income after minority interest</b>	<b>38,019</b>	<b>50,352</b>	<b>110,012</b>	<b>139,950</b>
- thereof from the revaluation of LIFO inventories using the average cost method	15,837	35,125	39,610	96,533
Basic earnings per share (in €)	1.02	1.36	2.96	3.92
- thereof from the revaluation of LIFO inventories using the average cost method	0.43	0.95	1.07	2.71
Diluted earnings per share (in €)	1.02	1.36	2.96	3.92
- thereof from the revaluation of LIFO inventories using the average cost method	0.43	0.95	1.07	2.71

# CONSOLIDATED CASH FLOW STATEMENT

IFRS

In € thousand

	9M 2006/07	9M 2005/06
Earnings before taxes after revaluation of LIFO inventories	189,158	235,989
Revaluation of LIFO inventories using average cost method	(66,016)	(160,883)
<b>Earnings before taxes before revaluation of LIFO inventories</b>	<b>123,142</b>	<b>75,106</b>
Depreciation and amortisation	43,714	36,395
Write-downs/ups on current assets	1,672	226
Change in long-term provisions	2,985	17,265
Gains from disposal of fixed assets	1,494	(256)
Result from investments	(579)	(6)
Net interest expense	5,283	6,043
Income taxes paid	(46,663)	(26,447)
<b>Gross cash flow</b>	<b>131,048</b>	<b>108,326</b>
Change in receivables and other assets, including short-term security investments	270,588	(420,338)
Change in inventories	(255,449)	(265,454)
Change in short-term provisions	6,741	25,840
Change in liabilities (excl. financial liabilities)	(26,568)	515,944
<b>Cash inflow (outflow in prior year) from operating activities (net cash flow)</b>	<b>126,360</b>	<b>(35,682)</b>
Purchase of fixed assets	(146,595)	(36,554)
Proceeds from the disposal of fixed assets	300	729
Interest received	5,975	3,133
Dividends received	579	6
<b>Cash outflow from investing activities</b>	<b>(139,741)</b>	<b>(32,686)</b>
Proceeds from capital increases	0	75,753
Proceeds from issuance of bonds, and taking up financial liabilities	71,948	35,959
Payment for the redemption of bonds and financial liabilities	(8,132)	(2,454)
Interest paid	(11,258)	(9,176)
Dividends paid	(40,208)	(38,606)
<b>Cash inflow from financing activities</b>	<b>12,350</b>	<b>61,476</b>
Net change in cash and cash equivalents	(1,031)	(6,892)
Cash and cash equivalents at beginning of period	6,566	29,678
<b>Cash and cash equivalents at end of period</b>	<b>5,535</b>	<b>22,786</b>

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

IFRS

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
- thereof from the revaluation of LIFO inventories using the average cost method			63,085			63,085
Capital increase	8,553	67,200				75,753
Dividend payment			(37,154)		(1,452)	(38,606)
Consolidated net income			139,950		910	140,860
- thereof from the revaluation of LIFO inventories using the average cost method			96,533			96,533
Fair value of cash flow hedges				(85,828)		(85,828)
Exchange difference				(8)		(8)
Deferred taxes on changes in accumulated other comprehensive income				34,331		34,331
Balance as at 30.06.2006	95,115	101,931	499,536	(69,219)	3,759	631,122
- thereof from the revaluation of LIFO inventories using the average cost method			159,618			159,618
Balance as at 30.09.2006	95,115	101,941	550,683	(54,353)	2,774	696,160
- thereof from the revaluation of LIFO inventories using the average cost method			195,164			195,164
Dividend payment			(39,012)		(1,196)	(40,208)
Consolidated net income			110,012		939	110,951
- thereof from the revaluation of LIFO inventories using the average cost method			39,610			39,610
Fair value of cash flow hedges				57,870		57,870
Fair value of other financial assets				7,556		7,556
Exchange difference				2		2
Deferred taxes on changes in accumulated other comprehensive income				(26,170)		(26,170)
Balance as at 30.06.2007	95,115	101,941	621,683	(15,095)	2,517	806,161
- thereof from the revaluation of LIFO inventories using the average cost method			234,774			234,774



## SEGMENT REPORTING FOR THE NA GROUP

IFRS

In € thousand

	Copper Production Segment			Copper Processing Segment			Other			Group total		
	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06
Revenues												
Total revenues	3,297,831	2,676,784	3,662,735	3,023,146	2,297	1,413						
- Inter-segment revenues	2,229,467	1,758,773	44,684	36,453	0	0						
Revenues with third parties	1,068,364	918,011	3,618,051	2,986,693	2,297	1,413						
EBIT *	90,043	46,175	43,486	34,947	(5,104)	27						
Earnings before taxes	88,445	44,788	39,876	30,293	(5,179)	25						

\* Before revaluation of LIFO inventories

The reconciliation of the Segment results to earnings before taxes reported in the Income Statement after revaluation of LIFO inventories using the average cost method is as follows:

	Copper Production Segment			Copper Processing Segment			Other			Group total		
	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06	9M 2006/07	9M 2005/06
After revaluation of LIFO inventories using the average cost method												
Difference in earnings from revaluation of LIFO inventories	29,277	76,760	36,739	84,123	0	0						
Earnings before taxes	117,722	121,548	76,615	114,416	(5,179)	25						