

# **INTERIM REPORT**

**First half-year 2007/08**

**1 October 2007 to 31 March 2008**

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## Management Report

### **Excellent results at Norddeutsche Affinerie in the first half of fiscal year 2007/08 – takeover of Cumerio N.V./S.A. successfully completed**

Hamburg, 30 May 2008 – Norddeutsche Affinerie AG (NA) again generated excellent results in the first half of fiscal year 2007/08. Total revenues of €3.36 billion were slightly higher than the level of the comparable prior-year period (€2.97 billion in the prior year). Earnings before taxes (EBT) amounted to €161 million (€82 million in the prior year). This result takes into account the full consolidation of Cumerio N.V./S.A. (Cumerio) from 1 March 2008 onwards and includes not only Cumerio's contribution of €6 million in March but also positive non-recurring and valuation effects of €39 million; the valuation effects in the first quarter amounted to €47 million.

**EBT increased to  
€161 million**

The copper market developed positively overall in the first half-year. The good fundamental situation made a decisive contribution to this, and it was furthermore also affected by the involvement of funds. The availability of refined copper declined while demand remained good. Despite the generally awaited economic downturn, we still expect copper demand to be at a high level with slightly lower growth.

The raw material markets showed disparate trends. While the concentrate market was unsatisfactory, the situation on the copper scrap markets was positive with good material availability and high refining charges. In the Copper Production Segment, the throughput of copper concentrates, including Cumerio's plants, amounted to 631,000 tonnes (563,000 tonnes in the prior year). Cathode output rose to 325,000 tonnes (283,000 tonnes in the prior year).

The trends in the Copper Processing Segment were also mixed. While demand in the cable and wire industry for continuous cast wire rod remained high, unit sales of continuous cast products failed to meet expectations. The output of wire rod increased once again and reached a high of 289,000 tonnes (227,000 tonnes in the prior year). The output of continuous cast shapes at 103,000 tonnes was down on the prior year's 122,000 tonnes.

The successful completion of the acquisition of all of the shares in Cumerio represented a major step in NA's planned international growth strategy. Its integration in NA started at once in order to realise the synergy potentials as quickly as possible. The process is on schedule. Current findings indicate that we can expect to exceed the originally forecast synergy potential of €15 to 20 million p.a. by a substantial amount.

**Cumerio takeover  
successfully  
completed**

## 1. GROUP KEY FIGURES

Before revaluation of LIFO inventories using the average cost method

		2nd quarter 06/07	1st half- year 06/07	2nd quarter 07/08*	1st half-year 07/08*
Revenues	€m	1,499	2,967	<b>1,949</b>	<b>3,364</b>
Gross profit	€m	135	258	<b>203</b>	<b>388</b>
Personnel expenses	€m	49	98	<b>67</b>	<b>122</b>
Depreciation and amortisation	€m	14	26	<b>17</b>	<b>30</b>
EBITDA	€m	58	112	<b>95</b>	<b>201</b>
EBIT	€m	45	85	<b>79</b>	<b>171</b>
EBT	€m	43	82	<b>72</b>	<b>161</b>
Net income	€m	26	49	<b>59</b>	<b>119</b>
Earnings per share	€	0.68	1.30	<b>1.43</b>	<b>2.95</b>
Gross cash flow	€m	44	82	<b>72</b>	<b>149</b>
Capital expenditure (excl. financial assets)	€m	44	59	<b>25</b>	<b>43</b>
Copper price (average)	US\$/t	5,941	6,509	<b>7,763</b>	<b>7,499</b>
Average number of employees*		3,205	3,214	<b>3,748</b>	<b>3,518</b>

\* incl. Cumerio from 1 March 2008 onwards

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

The NA Group is reporting in accordance with the International Financial Reporting Standards (IFRS). The following explanations on the quarterly results initially ignore the effects of the revaluation of LIFO inventories using the average cost method, which are then reported separately.

The Cumerio Group was fully consolidated for the first time with effect from 29 February 2008. Detailed explanations are provided in the notes to the financial statements at the end of this interim report.

### Results of operations

The NA Group generated exceptionally good earnings before taxes (EBT) of €161 million (€82 million in the prior year) in the first half of 2007/08.

Apart from the effect of the first-time consolidation of the Cumerio Group, the result was significantly influenced by the price trend on the copper market and for the other metals and products relevant for NA.

The quantities of copper and other metals tied up in NA's production process are basically a transitory item. Metal prices are paid when the metals are purchased and sold, and the price fluctuations in the meantime are hedged by employing hedging instruments. Except for the permanently tied up metal quantities, changes in metal prices therefore do not initially affect the company's earnings. Nevertheless, the development of the copper and metal prices can have indirect and direct effects on NA's profitability. The indirect effects include, above all, the possible influence of the copper price on the level of the treatment and refining charges and the availability of scrap and recycled materials. The direct effects, which are relevant for the results, are impacts on the earnings

- that can result from the exploitation of backwardation market situations,
- that can result from copper and metal inventories that are permanently tied up in the production process, the prices of which have not been hedged (valuation effect), and
- that can arise from the provisional invoicing of deliveries on which the prices have not yet been fixed (valuation effect).

As a consequence of the volatile development of the metal prices, the half-year results were influenced by the following factors:

- The aforementioned valuation effects resulted in a positive contribution to NA AG's profit for the reporting period of €22 million.
- The copper and metal inventories were stated at current prices in the first-time consolidation of Cumerio. The recognition of these resulted in particular in negative goodwill of €26 million that was released to income. The metal inventories at Cumerio had subsequently to be written down by €3 million due to the decline in the copper price between 1 and 31 March 2008.

1st half of fiscal year 2007/08

Overall, the breakdown of the one-off and valuation effects in the amount of € 39 million in the first half-year is as follows:

• Purchase price allocation (negative goodwill):	€ +26 mill.	
• Write-down metal inventories Cumerio as at 31 March 2008:	€ -3 mill.	
• Valuation effects (backwardation and provisional invoicing of raw material deliveries):	€ +22 mill.	<b>One-off and valuation effects in the amount of €39 million</b>
• Expenditure for restructuring measures at Cumerio	€ -6 mill.	
Total	€ +39 mill.	

The business performance was furthermore affected by the following factors compared with the first half of the prior year:

- High production rate of metals with high metal prices
- Continued good level of refining charges for scrap and other recycled material
- Declining treatment and refining charges for processed copper concentrates
- Higher prices for sulphuric acid
- Increased cathode output
- Higher sales and improved revenues for wire rod
- Improved revenues for continuous cast shapes despite declining sales
- Increased personnel expenses due to profit-sharing bonus
- Stable earnings at the subsidiaries at the prior-year level
- Profit contribution of € 6 million (EBT) from Cumerio

Group revenues amounted to € 3,364 million in the first half of 2007/08, up from € 2,967 million in the corresponding prior-year period. The increase was mainly due to that contribution of € 302 million by Cumerio.

Gross profit totalling € 388 million was significantly higher than the € 258 million generated in the first half of the prior year on account of the described effects and the € 35 million resulting from the first-time consolidation of Cumerio.

Personnel expenses in the first half-year rose similarly, from € 98 million in the prior year to € 122 million in the current fiscal year. Apart from profit-sharing bonuses for employees and tariff wage-scale increases, this was also due to the higher average number of employees and restructuring expenditure of € 6 million at Cumerio.

**Restructuring expenditure at Cumerio already included in results**

Depreciation and amortisation in the first half of 2007/08 amounted to € 30 million, € 4 million up on the prior-year period (€ 26 million), of which Cumerio accounted for € 3 million.

1st half of fiscal year 2007/08

After earnings before interest, taxes, depreciation and amortisation (EBITDA) had already been at the high level of € 112 million in the prior-year period, EBITDA at € 201 million was at an exceptional level. Accordingly, earnings before interest and taxes (EBIT) amounted to € 171 million (€ 85 million in the prior year).

After including net interest, earnings before taxes amounted to € 161 million (€ 82 million in the prior year). Interest expense increased due to the funding of the acquisition of the shares in Cumerio as well as the first-time consolidation of that company.

After deduction of the corresponding tax expense, consolidated net income for the first half-year amounted to € 119 million (€ 49 million in the prior year). The tax rate declined from 40 % to 26 % as a result of the Corporate Tax Reform Law 2008 and the tax-neutral release of negative goodwill.

**Tax rate cut  
to 26 %**

After the elimination of the minority interest, earnings per share amounted to € 2.95, compared with € 1.30 in the prior year.

### Financial position and capital expenditure

The much higher earnings resulted in an increase in gross cash flow to € 149 million (€ 82 million in the prior year). This was also affected by the relatively lower tax expense and Cumerio's gross cash flow of € 10 million.

**Gross cash flow  
increased  
to € 149 million**

The higher inventories due to the exploitation of attractive market conditions for the procurement of raw materials were compensated by the reduction of receivables and the increase in liabilities and current provisions as at the balance sheet date, so that the working capital was lower overall. This resulted in a cash inflow from operating activities (net cash flow) of € 247 million for the first half-year, compared with an inflow of € 209 million in the prior year.

Capital expenditure amounted to € 43 million in the reporting period (€ 59 million in the prior year). It primarily focused on extensions to the concentrate processing facilities as part of the Future RWO project, and measures to increase the capacity of the Hamburg rod plant. In addition, investments were made in various smaller plant installations, such as the expansion of the electronic scrap processing and bismuth removal facilities. Capital expenditure at Cumerio amounted to € 5 million. The cash outflow for the acquisition of the shares in Cumerio amounted to € 525 million.

The proceeds from NA AG's capital increase on 9 November 2007 amounted to € 97 million. Further funds of € 412 million became available as a result of taking up financial liabilities, net of redemptions. After accounting for interest expense (€ 16 million) and dividend payments (€ 61 million), cash and cash equivalents in the Group amounted at 31 March 2008 to € 140 million.

### Net assets

Total assets rose by € 1,544 million to € 3,483 million as at 31 March 2008, compared with € 1,940 million at the end of the last fiscal year. With some € 1,635 million, this significant increase is due almost entirely to the first-time consolidation of Cumerio. Plant, property and equipment went up accordingly by € 510 million, inventories by € 732 million and receivables and other assets by € 393 million.

**Total assets  
increased to  
€ 3.5 billion due  
to consolidation  
of Cumerio**

1st half of fiscal year 2007/08

The good earnings trend in the half-year as well as the capital increase resulted, after deduction of the dividend payment, in an increase in equity from €654 million at the end of the last fiscal year to €825 million as at 31 March 2008. The equity ratio fell to 24 % as at the balance sheet date (34 % on 30 September 2007) as a consequence of the higher total assets.

Non-current provisions rose by €149 million to €263 million compared with 30 September 2007 (€114 million) due mainly to the contribution of €140 million as a result of the first-time consolidation of Cumerio. Other current provisions increased by €29 million from €75 million to €104 million in the reporting period. Apart from the €6 million from the consolidation of Cumerio, this is due in particular to higher provisions for profit-sharing bonuses and pending losses.

Financial liabilities increased substantially compared with 30 September 2007 due to the funding of the acquisition of Cumerio shares and the first-time consolidation. Thus, current financial liabilities amounted to €432 million as at 31 March 2008 (€+286 million) and non-current financial liabilities to €596 million (€+443 million). Accordingly, gearing amounted to 108 % as at 31 March 2008 (43% as at 30 September 2007).

**Financial liabilities rose to €432 million due to Cumerio takeover**

Trade accounts payable increased by €391 million to €836 million (of which Cumerio: €287 million) and the other liabilities by €96 million to €390 million (of which Cumerio: €130 million).

Income tax liabilities fell by €21 million to €37 million due to the tax payments made for previous periods.

### **Effects on valuation due to the new version of IAS 2**

As a result of the current version of IAS 2, all available inventories have had to be measured since 1 October 2005 using the average cost method. This causes considerable discontinuity due to changes in the carrying amounts in the event of metal price fluctuations. These are, however, fictitious earnings, which give an economically incorrect impression of the results of operations, financial position and net assets. Consequently, a true picture is not provided of the NA Group's operating performance and it is very difficult to make comparisons with earlier periods.

For this reason, the results of operations, financial position and net assets of the NA Group are initially reported ignoring the effects of the revaluation of LIFO inventories. The changes in results of operations, financial position and net assets after applying the average cost method will now be discussed separately below.

### **Results of operations**

After the revaluation of 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 earnings before taxes (EBT) are each reduced by €10 million (€40 million increase in the prior year). This is affected by write-downs of €10 million for individual metal inventories.



1st half of fiscal year 2007/08

After including deferred taxes, the revaluation of the LIFO inventories results in €8 million lower consolidated net income of €111 million (€24 million rise in the prior year to €73 million). The resultant tax rate amounts to 26 %, compared with 40 % in the prior year.

After deduction of the minority interest, earnings per share amount to €2.74 (€1.94 in the prior year) after application of the average cost method.

### Financial position

The revaluation of the LIFO inventories using the average cost method has no impact on cash flow.

### Net assets

After revaluation of the LIFO inventories as at 31 March 2008, the balance sheet total went up by €1,537 to €3,858 million, compared with €2,321 million as at 30 September 2007, of which €858 million was due to the increase in inventories.

Group equity amounted to €1,077 million as at 31 March 2008 after revaluation of the LIFO inventories, representing an equity ratio of 28 %. At the end of the last fiscal year, equity amounted to €914 million which resulted in an equity ratio of 39 %.

The non-current provisions rose by €151 million to €386 million.

On this basis, gearing in the Group amounted to 83 % as at 31 March 2008, compared with 31 % as at 30 September 2007.

## 3. COPPER MARKET

The copper market was in a robust state overall in the first half-year. The persistent crisis on the international financial markets and its impact of curbing global economic development were not reflected in the copper price. On the contrary, the copper price rose by about 28 % from a low of US\$ 6,272/t on 18 December 2007 to US\$ 8,000/t (settlement) by mid-February and subsequently settled above this mark. This sound state of the market was triggered by investments by funds in commodities and, in particular, a fundamental market situation that supported high prices. Seasonal effects also had an impact.

**Copper market in robust state**

The momentum on the copper market in the second quarter was due above all to production problems at mines and smelters. Extreme weather conditions in China, Chile, Central Africa and Australia caused production disruptions and losses. There were sporadic strikes again in South and Central America. The copper stocks in the warehouses of the London Metal Exchange fell by 44 % during the quarter from about 200,000 tonnes to 112,000 tonnes, and reflected the declining availability of copper cathodes.

Capacity utilisation in the copper processing industry was good overall. The cathode premiums in the physical spot business rose slightly. Demand for copper was high, above all from China, India and other Asian countries. The same also

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applied to the Gulf States and the East and Central European countries. This largely compensated the decline in demand in North America and Western Europe, which affected above all the copper semis sector, in particular copper tubes. Demand for copper for the production of cable and wire remained at a high level.

## 4. OPERATING SEGMENTS

### COPPER PRODUCTION SEGMENT

The main raw materials of the Copper Production Segment, which produces copper cathodes and precious metals, are copper concentrates and recycled materials. Following the acquisition of Cumerio, the main production sites are in Hamburg (Germany), Pirdop (Bulgaria), Olen (Belgium) and Lünen (Germany).

Production performance in the first half-year was good. Including Cumerio, the Copper Production Segment's earnings were encouraging after its very good start to the fiscal year. Half-year earnings before taxes (EBT) were 103 % up on the prior year.

Good production performance contributes to increase in earnings

Revenues from treatment and refining charges for copper concentrates were significantly higher than current market conditions due to the long-term supply agreements. The refining charges for copper scrap and other recycled materials were also at a high level. Revenues from sales of sulphuric acid continued their positive trend.

#### Key figures in accordance with IFRS

Copper Production Segment in € thousand	1st half-year 06/07	1st half-year 07/08	Difference in %
Revenues	2,104,997	2,437,128	+16
EBIT	61,611	127,852	+108
EBT	60,658	123,329	+103

Before revaluation of LIFO inventories using the average cost method

#### Raw material markets

Following an initial slight recovery on the concentrate market, the treatment and refining charges for spot deliveries again declined to a low level. Supplies in the spot market were reduced by technical problems and strikes at Chilean and Mexican producers. Our concentrate smelters in Hamburg and Pirdop however remained well supplied on account of the largely long-term procurement agreements.

Market for copper concentrates still not recovered

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This also applied to blister copper and anodes, which are mainly processed in Olen. The refining charges in the market declined slightly, but were still considerably higher than the long-term average.

The situation on the markets for precious metal-bearing raw materials was positive due to the further increase in metal prices. Our precious metal production plant in Hamburg was well utilised.

The availability of material in the copper scrap market was good overall, permitting high refining charges. The supply of other recycling materials, such as alloyed scrap, shredder material and electrical and electronic scrap, remained good. The buying interest of Asian competitors focused mainly on North America rather than on the European procurement markets.

Good market  
situation for  
copper scrap

### Cathodes, precious metals and sulphuric acid

The NA Group processed 631,000 tonnes of concentrate in the first half of the fiscal year (563,000 tonnes in the prior year). Cumerio's March production figures are included here for the first time. Accordingly, we produced significantly more copper cathodes with a total output of 325,000 tonnes (283,000 tonnes in the prior year). Silver production rose 4.5 % to 630 tonnes (603 tonnes in the prior year), while gold output at 17.0 tonnes reached the prior-year level (16.8 tonnes). The sulphuric acid output amounted to 628,000 tonnes (561,000 tonnes in the prior year).

#### Hamburg

Altogether 281,000 tonnes of copper concentrates were processed in the second quarter (285,000 tonnes in the prior year). With a good supply of concentrates, throughput in the first half-year amounted to 540,000 tonnes. The slightly lower processing quantity compared with the prior-year period (563,000 tonnes) was mainly due to scheduled maintenance work and preparatory measures for a further reduction in emissions as well as the 5 % capacity expansion, which should be achieved in the course of this fiscal year.

The production of sulphuric acid from the sulphur contained in the copper concentrates amounted to 282,000 tonnes in the second quarter (289,000 tonnes in the prior year). Production in the first half-year amounted to 537,000 tonnes (561,000 tonnes in the prior year). As a result of the tight sulphuric acid market, we were able to substantially increase our revenues from sales of sulphuric acid.

Increased  
revenues from  
sulphuric acid  
sales

The Hamburg copper tankhouse was utilised to capacity and produced, as in the prior year, 94,000 tonnes of cathodes in the second quarter, so that output in a half-year of 190,000 tonnes was at the prior-year level (189,000 tonnes in the prior year).

Utilisation of the precious metal production plant was very good owing to the overall good utilisation of the copper production facilities, which provide a substantial basis for NA's precious metal production, as well as the good availability of precious metal-bearing recycling materials and intermediates from other smelters.

The output of silver in the second quarter amounted to 317 tonnes (294 tonnes in the prior year). The 630 tonnes of silver produced in the half-year again exceeded the prior year figure (603 tonnes). We produced 8.5 tonnes of gold in the second quarter (6.9 tonnes in the prior year). The accumulated gold output of 17 tonnes was at the prior-year level (16.8 tonnes).

#### Lünen

The supply of copper scrap and other recycling materials for the recycling facilities was secured at good conditions. All the facilities were fully utilised.

The Kayser Recycling System (KRS) throughput amounted to 62,000 tonnes in the second quarter (52,000 tonnes in the prior year). Throughput in the first half-year totalled 113,000 tonnes, 5 % up on the prior-year figure (107,000 tonnes).

The Lünen tankhouse produced 50,000 tonnes of cathodes in the second quarter (46,000 tonnes in the prior year), so that 100,000 cathodes were produced in the first half-year for the first time (93,000 tonnes in the prior year).

#### Pirdop

The primary smelter in Pirdop (Bulgaria) was very well utilised in March, processing 91,000 tonnes of copper concentrates, and produced 91,000 tonnes of sulphuric acid from the sulphur contained in the concentrates. The anodes produced in the primary smelter are used to supply the tankhouse in Pirdop and the tankhouse in Olen. In addition, part of the anode output was sold to third parties.

Pirdop produced 6,000 tonnes of cathodes in March. The start-up of the new copper tankhouse with an annual capacity of 180,000 tonnes of cathodes, which will supply the growing Southeast European market, is scheduled for July 2008.

**Start-up of new tankhouse in Pirdop scheduled for July**

#### Olen

In March, the copper tankhouse in Olen produced 29,000 tonnes of copper cathodes from the anodes produced in its Contimelt plant as well as anodes from Pirdop and from third parties.

## **COPPER PROCESSING SEGMENT**

The Copper Processing Segment covers the processing of our own and bought-in copper cathodes into continuous cast wire rod, shapes, rolled products and specialty products. The most important production sites are located in Hamburg (Germany), Olen (Belgium), Avellino (Italy), Emmerich (Germany) Stolberg (Germany) and Yverdon-les Bains (Switzerland).

The significantly higher earnings in the segment were due above all to higher sales of our most important product, wire rod, from the plants in Hamburg and Emmerich. The positive economic environment in the core market, Europe, additionally enabled us to improve the sales conditions for our copper products. Stagnating or slightly declining unit sales for products other than wire rod were more than compensated by improved revenues. The focus on high-quality products likewise contributed to the increase in earnings.

**Product business improved overall despite disparate trends**

A further reason for the increase is the contribution from Cumerio.

**1st half of fiscal year 2007/08**
**Key figures in accordance with IFRS**

Copper Processing Segment	1st half-year 06/07	1st half-year 07/08	Difference in %
in € thousand			
Revenues	2,309,310	<b>2,576,429</b>	<b>+ 12</b>
EBIT	27,958	<b>44,042</b>	<b>+ 58</b>
EBT	25,205	<b>40,272</b>	<b>+ 60</b>

Before revaluation of LIFO inventories using the average cost method

**Product markets**

In the European cable and wire industry, there was no sign of the otherwise usual seasonal slowdown in demand at the beginning of the year. The mild weather as well as the favourable basic conditions in much of Europe ensured that the order books of the cable and wire industry were well filled. The main drivers are the unchanged high investment activities in the electricity production, conversion and distribution sector. Demand continued to be buoyant in the European wire rod market, even if demand declined slightly in some regional markets and applications.

By contrast, there is still a lack of clear momentum in the European semis industry to increase the order intake for pure copper products. It is increasingly difficult to export to non-European markets, in particular, on account of the again weaker US dollar.

Demand for high-conductive rolled products for the electrical engineering and electronic industries has on the contrary stabilised at the level of the earlier months.

**Wire rod**

We have further enhanced our position in the wire rod market in this favourable market environment. Altogether 180,000 tonnes of wire rod were produced in the second quarter (125,000 tonnes in the prior year). The accumulated output amounted to 289,000 tonnes (227,000 tonnes in the prior year). These figures include Cumerio's output in March 2008.

**Market position  
for wire rod  
further enhanced**

Hamburg / Emmerich

Wire rod output in the NA Group in the second quarter reached a new high of 136,000 tonnes (125,000 tonnes in the prior year). This increase reflects a performance that is better than the market trend.

The accumulated production output in the first half-year of 245,000 tonnes again exceeded the prior-year output of 227,000 tonnes.

### Olen / Avellino

The rod plants in Belgium and Italy together produced 44,000 tonnes of wire rod in March 2008.

### **Continuous cast shapes (Cast)**

Demand for our high-grade cast shapes stabilised in recent months. We produced 56,000 tonnes in the second quarter (62,000 tonnes in the prior year). Altogether 103,000 tonnes were produced in the first half-year (122,000 tonnes in the prior year). These figures include Cumerio's output in March 2008.

**Sales of continuous cast shapes stabilised in recent months**

### Hamburg

The Hamburg continuous casting plant produced 49,000 tonnes of shapes in the second quarter, or some 21 % less than in the strong prior-year quarter (62,000 tonnes). The slight improvement compared with the first quarter (47,000 tonnes) shows that the orientation to high-conductive products, which are less susceptible to substitution, has resulted in a stabilisation of the production output.

In the first half-year, 96,000 tonnes of continuous cast shapes were produced (122,000 tonnes in the prior year).

### Olen

The continuous casting plant in Olen (Belgium) produced 7,000 tonnes of shapes in March 2008.

### **Pre-rolled strip (Schwermetall Halbzeugwerk)**

Demand for strip products made of copper and copper alloys in Europe has increased since the end of 2007 and continued this trend in the second quarter.

Schwermetall Halbzeugwerk (50 % NA holding) produced 58,000 tonnes of pre-rolled strip in the second quarter (65,000 tonnes in the prior year) and 108,000 tonnes in the first half-year (127,000 tonnes in the prior year). A total of 28,000 tonnes of the half-year output was sold to its partner, Prymetall (31,000 tonnes in the prior year).

### **Strip and wire (Prymetall)**

Prymetall produced 15,000 tonnes of strip and wire products in the second quarter. Although production was down on the high prior-year output (18,000 tonnes), the portion of products with higher profit margins for industrial applications has risen.

In the first half-year, 29,000 tonnes of strip and wire semis were produced (32,000 tonnes in the prior year). The order intake recovered again in the second quarter after a somewhat weak winter quarter. Overall, demand for high-quality strip products with treated surfaces and drawn wire products is good.

## 5. HUMAN RESOURCES

The NA group had 4,691 employees at the end of the first half-year (3,204 in the prior year). The significant increase is mainly due to the integration of Cumerio, which had 1,410 employees as at 31 March 2008.

Group-wide, 69 % of the workforce is employed in Germany and 31 % in other European countries. The new additions from Cumerio are employed in Bulgaria (752), Belgium (516), Italy (102), Switzerland (38) and Turkey (2).

## 6. RESEARCH AND DEVELOPMENT

Research and development again concentrated on the improvement of process management to optimise copper production in the reporting period. In addition, intensive research work was performed on the recovery of by-metals from the various intermediates arising in copper production.

The development work in the CIS solar project was continued, focusing first and foremost on optimising the process for solar cell production in the existing pilot plant. It is expected that the decision will be made on the construction of a mass production plant in the course of the year.

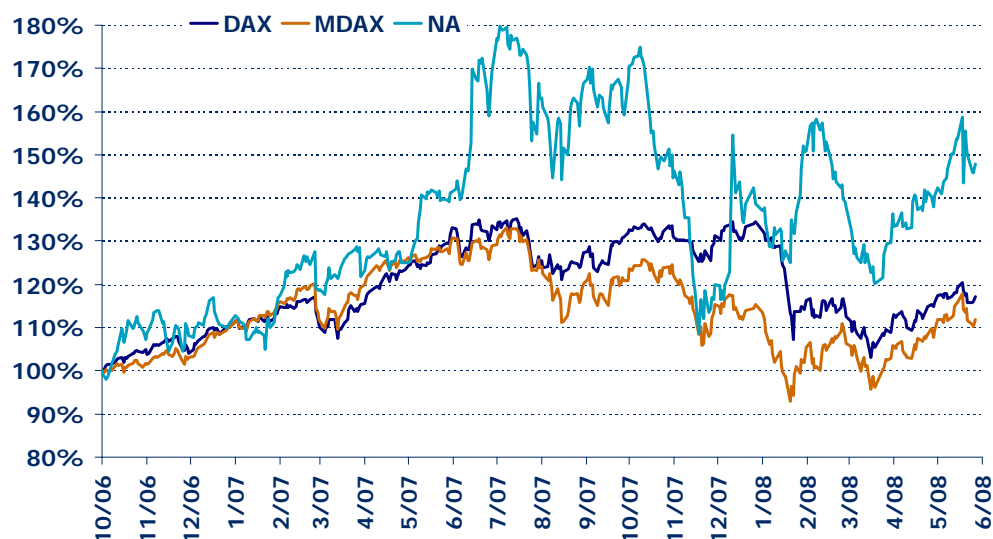
## 7. NA SHARES

The start in the second quarter was impacted by the turn of the year, when investors traditionally realign their portfolios. The trend towards investments in commodity securities continued on the international financial markets. During this period, the EU Commission gave its approval to the merger of NA and Cumerio on 23 January 2008, which enabled the takeover offer to start on 28 January 2008. The positive news about the Cumerio takeover as well as the lively market environment had a positive impact on the NA share price. The Annual General Meeting on 29 February 2008 and the dividend payment of € 1.45 per share on 3 March 2008 were followed by a consolidation of the share price. The international financial markets came under pressure, particularly in March, on account of the ongoing anxiety about a recession in the U.S.A. The repeated cuts in the prime rate of the American Federal Reserve did not succeed in noticeably improving this situation. The NA share price has however recovered since its low of € 23.25 on 20 March 2008. On 28 May 2008 NA shares closed at € 28.60, an increase of about 23 %. Over the same period, the DAX rose by about 11 % and the MDAX by about 16 %. As at 31 March 2008, NA shares were quoted at € 25.10, representing a market capitalisation of € 1.026 billion.

Trading in Cumerio shares at the Brussels Euronext Stock Exchange ceased on 9 April 2008.



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**Good performance of the NA share**

## 8. CORPORATE GOVERNANCE

### Antitrust authorities prohibit A-TEC Industries AG's investment

On 28 February 2008, the Federal Cartel Office prohibited the acquisition by A-TEC Industries AG (A-TEC), which had already been completed, of a 13.75 % investment in Norddeutsche Affinerie AG (NA). A-TEC is therefore obliged to part with its entire holding.

In its decision, the Office also ordered A-TEC to sell all its NA shares over the next few months to the original seller, Commerzbank AG, or to an independent third party. If A-TEC has not sold the shares by the end of the period set by the Federal Cartel Office, the decision provides for the sale to be arranged by a trustee.

At the same time, the Federal Cartel Office prohibited A-TEC from exercising the voting rights from the NA shares with effect from 28 February 2008.

Following the prohibition by the Federal Cartel Office, not only A-TEC and its affiliated companies, but also Commerzbank AG, corrected their notifications of voting rights.

### Annual General Meeting and all other resolutions

The dividend proposed by the Executive Board and the Supervisory Board of €1.45 per share for fiscal year 2006/07 (30 September 2007) was approved at NA's Annual General Meeting.



Furthermore, the Annual General Meeting confirmed with a very large majority the previous shareholders' representatives on the Supervisory Board with the exception of Prof. Dr.-Ing. Jürgen Hausselt, Germersheim, who was stepping down at the end of the AGM. Mr Thomas Leysen, Antwerp (Belgium), was elected in his place as the new shareholders' representative on the board.

Following the AGM, the Supervisory Board confirmed Dr Ernst Wortberg, Dortmund, as chairman of the Supervisory Board.

One shareholder has brought an action to have the resolutions passed on items 3, 6, 8 and 9 on the agenda declared void and alternatively to set aside the resolutions. The action is pending in the Hamburg District Court. A date for the oral hearing has not yet been set.

### **Squeeze-out completed at Cumerio**

NA has successfully completed the squeeze-out process as regards Cumerio and the company is now a wholly-owned subsidiary. Cumerio shares are no longer listed on the Brussels Euronext Stock Exchange.

### **NA enlarges its Executive Board**

At its meeting on 19 April 2008, NA's Supervisory Board passed a resolution on the new members of the Executive Board following the Cumerio takeover and appointed Dr Stefan Boel, who was a member of Cumerio's Executive Committee, as a member of NA's Executive Board with immediate effect. He will assume responsibility for the Copper Product sector. Likewise Mr Peter Willbrandt, who had been a deputy member since 1 April 2007, was appointed a full member of the Executive Board. He is responsible for the Primary Copper Production Sector.

Dr Bernd Drouven as the Chief Executive Officer is also responsible for finance until a new Chief Financial Officer has been appointed. Dr Michael Landau is responsible for the Recycling/Precious Metals sector in addition to being the Director of Labour Affairs. Dr Bernd Langner has taken over responsibility for the Central Services sector and for Research & Development.

### **Update of the Declaration of Conformity on 30 May 2008**

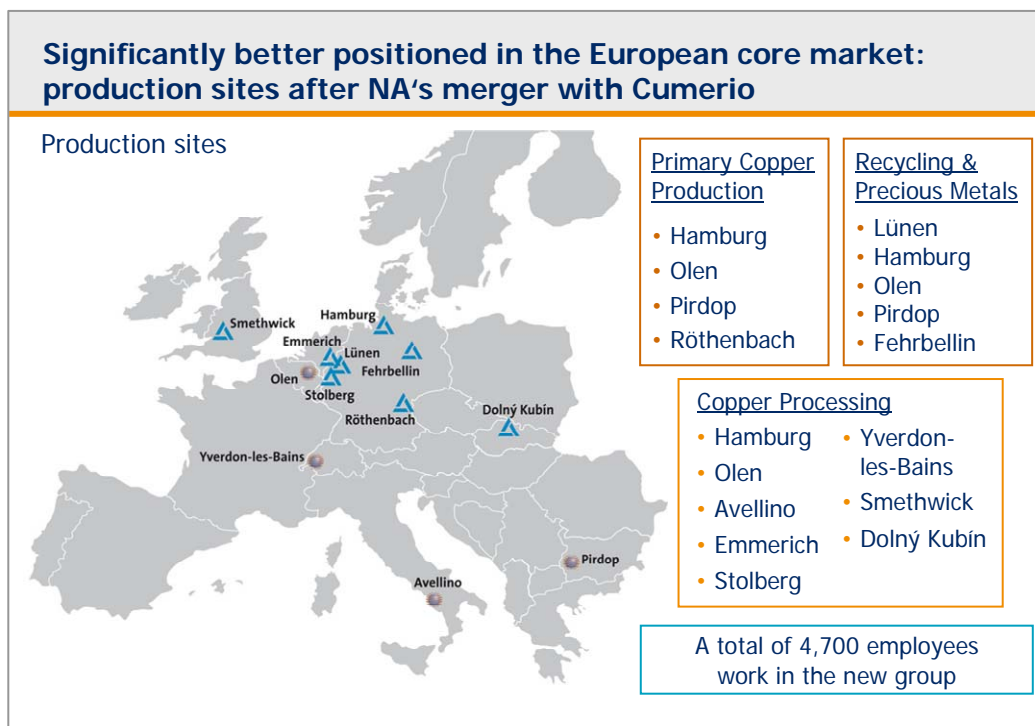
On 30 May 2008, the Executive Board and Supervisory Board of Norddeutsche Affinerie Aktiengesellschaft resolved to update the Declaration of Conformity dated 16 January 2008 on the application of the German Corporate Governance Code at Norddeutsche Affinerie Aktiengesellschaft in accordance with Section 161 German Companies Act to the effect that the only deviation from the Code's recommendations would be Section 7.1.2 sentence 3 (first and second case) of the German Corporate Governance Code (in the version dated 14 June 2007). It was not possible to make the interim report as at 31 March 2008 of Norddeutsche Affinerie Aktiengesellschaft publicly accessible within the recommended 45 day limit. The adopted declaration has been made available to the public on the company's website.

## 9. OPERATIONAL AND STRATEGIC MEASURES FOR CORPORATE DEVELOPMENT

### Strategic measures

An important project in our internationalisation strategy was realised when NA acquired Cumerio. From a strong stand-alone position in Germany, we have become an international group. The merger of NA and Cumerio has created Europe's leading integrated copper producer. The newly-acquired production sites, particularly in South and Southeast Europe, complement the previous locations and provide the basis for the improved processing of our European core market and the Southeast European growth market.

Acquisition of  
100% of  
Cumerio's shares



An extensive integration project, on which employees from all the main sites are working together to identify optimisation possibilities, was started with the aim of implementing the significant synergy potential as quickly as possible. The project is currently at the conception phase, in which detailed harmonisation measures and synergy project ideas are being elaborated. It can be assumed that the synergy potential of €15 to 20 million p.a. already announced will be considerably exceeded. A precise assessment of the evaluated improvements will be possible in the course of the fiscal year following the completion of the project.

Integration project  
off to a successful  
start

Apart from monetary aspects, we attribute great significance to the cultural and organisational integration of the two companies. In particular, the very high level of qualifications and experience of all the employees in the new group represent an important asset, which we will utilise.

Even following the merger, we will continue to concentrate intensively on our growth strategy. In addition to internal investment opportunities at the existing

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production sites, we are also investigating further acquisitions in the international field.

### Operating measures

In order to further enhance our technological leading position, we are continuing the NA Lead improvement programme, which was started in 2007. The performance enhancement measures identified as part of the project include an annual savings potential of more than €25 million, and will be implemented over the next three years.

**Improvement  
programme NA  
Lead continued**

In April, the long-term contract for the procurement of electricity for the German sites was concluded with Vattenfall Europe Generation AG & Co. KG, representing the final step towards securing a cost-based electricity supply. This will give us significant cost advantages compared with the expected general electricity price trend as of 1 January 2010.

## 10. RISK AND OPPORTUNITY MANAGEMENT

We see no significant changes for risks and opportunities compared with the prior fiscal year. Our risk and opportunity management system remains a suitable instrument for controlling the relevant topics. The increased size of the Group as a result of the Cumerio takeover will, however, place new demands on risk management in the future.

## 11. OUTLOOK

With the successful takeover of Cumerio, we have accomplished a significant step in our long-term growth strategy. We will continue the current integration process and are expecting to realise synergies considerably beyond the €15 - 20 million p.a. already announced.

**More synergies  
resulting from  
Cumerio integration  
than initially expected**

We expect a high price level for copper this year again based on short supply and continuing strong demand. Volatile developments in the prices and futures structure (backwardation/contango) cannot in the meantime be ruled out.

On the primary market we expect the supply of copper concentrates to improve in the medium term on account of the ongoing expansion of mining production capacities and the persistently high copper price. We are also expecting a continued good supply of copper scrap and commensurate refining charges. Complex secondary raw materials for the Lünen plant will remain in good supply with very satisfactory refining charges.

Overall, we are planning to fully utilise our copper production sectors in the current fiscal year.

We regard the market trend for sulphuric acid as positive in the medium term. Accordingly, we expect revenues from acid sales to rise.

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There will probably be no significant change in the situation on the markets for copper products in the coming months. We therefore expect demand for wire rod to remain very good with correspondingly high utilisation of our capacities at all production sites. As to continuous cast shapes, we expect the market to stabilise at the level achieved in the first half-year.

The results of the first half-year reflect the sustained excellent business situation at NA. We are optimistic for the second half of 2007/08 and, with a continuing good economic trend and high copper prices, expect to achieve a very good result again for the fiscal year as a whole.

**Optimistic  
expectations of  
result for 2007/08**

1st half of fiscal year 2007/08

**FINANCIAL CALANDER**

29 August 2008	Interim report on 3rd quarter
6 September 2008	Open Day at the Hamburg Stock Exchange
17 December 2008	Preliminary results for fiscal 2007/08

**INVESTOR RELATIONS CONTACTS**

Marcus Kartenbeck      Head      Tel. +49/40 7883 3178  
e-mail: [m.kartenbeck@na-ag.com](mailto:m.kartenbeck@na-ag.com)

Dieter Birkholz      Tel. +49/40 7883 3969  
e-mail: [d.birkholz@na-ag.com](mailto:d.birkholz@na-ag.com)

Christine Ostriga      Tel. +49/40 7883 3179  
e-mail: [c.ostriga@na-ag.com](mailto:c.ostriga@na-ag.com)

**GROUP COMMUNICATIONS CONTACTS**

Michaela Hessling      Head      Tel. +49/40 7883 3053  
e-mail: [m.hessling@na-ag.com](mailto:m.hessling@na-ag.com)

Marcus Kremers      Tel. +49/40 7883 3037  
e-mail: [m.kremers@na-ag.com](mailto:m.kremers@na-ag.com)

**1st half of fiscal year 2007/08**
**Consolidated balance sheet (IFRS) (in € thousand)**

<b>ASSETS</b>	<b>31.3.2008</b>	<b>30.9.2007</b>
Intangible assets	<b>47,428</b>	28,176
Property, plant and equipment	<b>864,297</b>	364,509
Investment property	<b>37</b>	37
Financial assets		
Interests in affiliated companies	<b>246</b>	272
Investments	<b>606</b>	216,441
Other financial assets	<b>313</b>	426
	<b>1,165</b>	217,139
Fixed assets	<b>912,927</b>	609,861
Deferred tax assets	<b>8,921</b>	1,326
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>3,350</b>	0
Non-current receivables and financial assets	<b>32,850</b>	28,824
Other non-current assets	<b>0</b>	6,899
	<b>32,850</b>	35,723
Non-current assets	<b>954,698</b>	646,910
Inventories	<b>1,793,652</b>	935,969
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>371,065</b>	381,431
Current receivables and other assets		
Trade accounts receivable	<b>522,122</b>	334,872
Other current receivables and assets	<b>446,946</b>	383,015
	<b>969,068</b>	717,887
Short-term security investments	<b>392</b>	392
Cash and cash equivalents	<b>140,057</b>	20,018
Current assets	<b>2,903,169</b>	1,674,266
	<b>3,857,867</b>	2,321,176

**1st half of fiscal year 2007/08**
**Consolidated balance sheet (IFRS) (in € thousand)**

<b>EQUITY AND LIABILITIES</b>	<b>31.3.2008</b>	<b>30.9.2007</b>
Equity		
Subscribed capital	<b>104,627</b>	95,115
Additional paid-in capital	<b>188,946</b>	101,557
Generated group earnings	<b>773,721</b>	733,818
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>251,280</b>	259,717
Changes in accumulated other comprehensive income	<b>5,983</b>	(19,619)
Equity attributable to shareholders of NA AG	<b>1,073,277</b>	910,871
Minority interest	<b>3,305</b>	2,761
	<b>1,076,582</b>	913,632
Non-current provisions		
Pension provision	<b>67,200</b>	58,799
Deferred tax liabilities	<b>273,938</b>	143,441
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>123,135</b>	121,714
Other non-current provisions	<b>45,165</b>	33,521
	<b>386,303</b>	235,761
Non-current liabilities		
Non-current financial liabilities	<b>596,317</b>	153,112
Other non-current liabilities	<b>2,332</b>	0
	<b>598,649</b>	153,112
Non-current provisions and liabilities	<b>984,952</b>	388,873
Other current provisions	<b>104,209</b>	75,400
Current liabilities		
Current financial liabilities	<b>431,980</b>	145,877
Trade accounts payable	<b>835,528</b>	444,721
Income tax liabilities	<b>37,008</b>	58,480
Other current liabilities	<b>387,608</b>	294,193
	<b>1,692,124</b>	943,271
Current provisions and liabilities	<b>1,796,333</b>	1,018,671
Liabilities	<b>2,781,285</b>	1,407,544
	<b>3,857,867</b>	2,321,176

1st half of fiscal year 2007/08

**Consolidated income statement (IFRS) (in € thousand)**

	1st half-year 2007/08	1st half-year 2006/07
Revenues	<b>3,364,118</b>	2,967,026
Changes in inventories of finished goods and work in process	<b>391,530</b>	132,392
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(18,898)</b>	15,489
Own work capitalised	<b>3,292</b>	1,789
Other operating income	<b>41,642</b>	9,897
Cost of materials	<b>(3,423,168)</b>	(2,813,923)
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>8,530</b>	24,132
Gross profit	<b>377,414</b>	297,181
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(10,368)</b>	39,621
Personnel expenses	<b>(122,314)</b>	(98,152)
Depreciation and amortisation	<b>(30,393)</b>	(26,449)
Other operating expenses	<b>(64,441)</b>	(47,565)
Operational result	<b>160,266</b>	125,015
Result from investments	<b>6</b>	7
Interest income	<b>6,196</b>	3,220
Interest expense	<b>(16,248)</b>	(6,935)
Earnings before taxes (EBT)	<b>150,220</b>	121,307
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(10,368)</b>	39,621
Income taxes	<b>(39,604)</b>	(48,737)
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>1,931</b>	(15,848)
Consolidated net income	<b>110,616</b>	72,570
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(8,437)</b>	23,773
Income attributable to minority interest	<b>(907)</b>	(577)
Consolidated net income after minority interest	<b>109,709</b>	71,993
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(8,437)</b>	23,773
Basic earnings per share (in €)	<b>2.74</b>	1.94
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(0.21)</b>	0.64
Diluted earnings per share (in €)	<b>2.74</b>	1.94
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(0.21)</b>	0.64



1st half of fiscal year 2007/08

**Consolidated cash flow statement for the NA Group (in € thousand)**

	1st half-year 2007/08	1st half-year 2006/07
Earnings before taxes after revaluation of LIFO inventories	150,220	121,307
Revaluation of LIFO inventories using the average cost method	10,368	(39,621)
<b>Earnings before taxes before revaluation of LIFO inventories</b>	<b>160,588</b>	81,686
Depreciation and amortisation	30,393	26,449
Impairment losses on current assets	8,614	293
Change in long-term provisions	6,908	3,187
Gain/loss from disposal of fixed assets	759	(5)
Other non-cash-related expense and income	(27,369)	0
Result from investments	(6)	(7)
Net interest expense	10,051	3,715
Income taxes paid	(41,084)	(33,480)
<b>Gross cash flow</b>	<b>148,854</b>	81,838
Change in receivables and other assets, including short-term security investments	124,484	414,609
Change in inventories	(132,363)	(183,661)
Change in current provisions	24,520	(551)
Change in liabilities (excl. financial liabilities)	81,847	(103,057)
<b>Cash inflow from operating activities (net cash flow)</b>	<b>247,342</b>	209,178
Purchase of fixed assets	(42,715)	(58,758)
Acquisition of shares in Cumerio N.V./S.A.	(524,943)	0
Proceeds from disposal of fixed assets	2,517	184
Interest received	6,196	3,220
Dividends received	6	7
<b>Cash outflow from investing activities</b>	<b>(558,939)</b>	(55,347)
Proceeds from capital increases	96,901	0
Proceeds from taking up financial liabilities	599,374	27,788
Payment for the redemption of financial liabilities	(187,871)	(18,459)
Interest paid	(16,247)	(6,935)
Dividends paid	(60,521)	(40,208)
<b>Cash inflow (outflow in the prior year) from financing activities</b>	<b>431,636</b>	(37,814)
Net change in cash and cash equivalents	120,039	116,017
Cash and cash equivalents at the beginning of period	20,018	6,566
<b>Cash and cash equivalents at end of period</b>	<b>140,057</b>	122,583

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**Consolidated statement of changes in equity (in € thousand)**

	Sub- scribed capital	Additional paid-in capital	Generated group equity	Revalua- tion reserve	Changes in accu- mulated other compre- hensive income	Equity attributa- ble to share- holders of NA AG	Minority interest	Total
Balance as at 30.9.2006	95,115	101,941	550,683	0	(54,353)	693,386	2,774	696,160
<i>thereof from revaluation of     LIFO inventories using the     average cost method</i>			195,164			195,164		195,164
Dividend payments			(39,012)			(39,012)	(1,196)	(40,208)
Market valuation of cash flow hedges					46,212	46,212		46,212
Exchange differences					(3)	(3)		(3)
Deferred taxes on changes in accumulated other comprehensive income					(18,485)	(18,485)		(18,485)
Changes in equity not recognised in income	0	0	(39,012)	0	27,724	(11,288)	(1,196)	(12,484)
Consolidated net income			71,993			71,993	577	72,570
<i>thereof from revaluation of     LIFO inventories using the     average cost method</i>			23,773			23,773		23,773
Changes in equity recognised in income	0	0	71,993	0	0	71,993	577	72,570
<i>thereof from revaluation of     LIFO inventories using the     average cost method</i>			23,773			23,773		23,773
Balance as at 31.3.2007	95,115	101,941	583,664	0	(26,629)	754,091	2,155	756,246
<i>thereof from revaluation of     LIFO inventories using the     average cost method</i>			218,937			218,937		218,937

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	Sub- scribed capital	Additional paid-in capital	Generated group equity	Revalua- tion reserve	Changes in accu- mulated other compre- hensive income	Equity attribu- table to share- holders of NA AG	Minority interest	Total
Balance as at 30.9.2007 <i>thereof from revaluation of LIFO inventories using the average cost method</i>	95,115	101,557	733,818	0	(19,619)	910,871	2,761	913,632
			259,717			259,717		259,717
Capital increase	9,512	87,389				96,901		96,901
Dividend payments			(59,261)			(59,261)	(1,260)	(60,521)
Market valuation of financial assets and cash flow hedges					35,294	35,294	7	35,301
Exchange differences					(130)	(130)		(130)
Deferred taxes on changes in accumulated other comprehensive income					(9,562)	(9,562)		(9,562)
Successive acquisition of Cumerio			505	(11,050)		(10,545)	890	(9,655)
Changes in equity not recognised in income	9,512	87,389	(58,756)	(11,050)	25,602	52,697	(363)	52,334
Consolidated net income <i>thereof from revaluation of LIFO inventories using the average cost method</i>			109,114			109,114	907	110,021
			(8,437)			(8,437)		(8,437)
Changes in equity recognised in income <i>thereof from revaluation of LIFO inventories using the average cost method</i>	0	0	109,114	0	0	109,114	907	110,021
			(8,437)			(8,437)		(8,437)
Balance as at 31.3.2008 <i>thereof from revaluation of LIFO inventories using the average cost method</i>	104,627	188,946	784,176	(11,050)	5,983	1,072,682	3,305	1,075,987
			251,280			251,280		251,280
Total income and expense for 1st half-year 2006/07			711,993	0	27,724	99,717	577	100,294
Total income and expense for 1st half-year 2007/08			109,619	(11,050)	25,602	124,171	1,804	125,975

**Notes to the consolidated financial statements**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The accounting policies of the financial statements as at 30 September 2007 have been applied without amendment.

**Scope of consolidation**

KPP Kraftwerk Peute Projektmanagementgesellschaft GmbH & Co. KG was de-consolidated in the reporting period, since it was sold with effect from 20 December 2007. In the previous year-end consolidated financial statements, KPP was still consolidated proportionately in accordance with the 50 % investment held by NA.

During the reporting period, NA completed the takeover of the Belgian copper producer Cumerio. Thus, the number of consolidated subsidiaries has increased by seven with effect from 29 February 2008. These are as follows:

- Cumerio N.V./S.A., Brussels
- Cumerio Belgium N.V./S.A., Brussels
- Cumerio Med JSCo, Pirdop
- Cumerio Bulgaria JSCo, Sofia
- Cumerio Italia Srl, Milan
- Cumerio Austria GmbH, Vienna
- Swiss Advanced Materials AG, Yverdon-les-Bains

Each of these companies was a wholly-owned subsidiary of the NA Group as at 31 March 2008.

**Acquisition of Cumerio Group**

The purchase price for the shares in Cumerio N.V./S.A. amounted to €763.4 million. The acquisition costs therefore total €781.5 million including the transaction costs of €18.1 million incurred in this connection.

The purchase of the shares was part of a successive acquisition, whereby 29.1 % of the shares had already been acquired by 30 September 2007 and the remaining 70.9 % of the shares were completely taken over by the NA Group effective 29 February 2008.

Since, no final appraisal was available for the revaluation of all the acquired assets and liabilities at the time of completion, the Cumerio Group has been included in the financial statements on the basis of provisional figures.

At the same time, the entire inventories were stated at fair values as prescribed by IFRS 3.

The disclosure of the hidden liabilities and reserves as at both acquisition dates results in negative goodwill in the amount of €25.9 million as at 29 February 2008, which has been recognised in profit or loss in accordance with IFRS 3.56. This amount is included in the accompanying income statement in other operating income.

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The net income of the Cumerio Group included in the consolidated net income for the reporting period since the time of completing the acquisition amounts to € -5 million when the inventories are valued using the average cost method.

If the acquisition had been completed by 1 October 2007, group revenues for the reporting period would have amounted to €4,890 million. It is not possible to quantify a corresponding income figure due to the different systems for measuring inventories before the time of acquisition.

On the basis of the provisional figures as at 29 February 2008, the acquisition of the Cumerio Group has the following impact on the consolidated financial statements:

in € million	<u>Carrying amounts</u>	<u>Adjustments</u>	<u>Fair values</u>
Intangible assets	17.1	0.0	17.1
Property, plant and equipment	294.1	198.6	492.7
Financial assets	0.0	0.0	0.0
Deferred tax assets	6.3	0.6	6.9
Non-current receivables and other assets	3.5	0.0	3.5
Inventories	442.8	301.4	744.2
Current receivables and other assets	392.7	(2.0)	390.7
Cash and cash equivalents	38.1	0.0	38.1
Acquired assets	1,194.6	498.6	1,693.2
Pension provisions	4.8	1.7	6.5
Deferred tax liabilities	5.2	118.8	124.0
Other non-current provisions	6.6	0.0	6.6
Non-current financial liabilities	182.8	0.0	182.8
Other non-current liabilities	2.2	0.0	2.2
Other current provisions	0.0	0.0	0.0
Current financial liabilities	136.1	0.0	136.1
Trade accounts payable	273.5	0.0	273.5
Other current liabilities	164.0	0.0	164.0
Acquired liabilities	775.2	120.5	895.7
Acquired net assets	419.4	378.1	797.5

In accordance with IFRS 3, effects from the revaluation of assets resulting from the successive acquisition of a company must be recognised in equity. If an entity is acquired in several individual steps, a complete revaluation of all assets and liabilities with the corresponding fair values is necessary at the time of gaining control over the entity concerned. The carrying amount of the portion of the assets, which is already owned by the purchaser and whose newly measured fair value is higher or lower than the recognised carrying amount, must be adjusted to the fair value. The corresponding adjustment is recognised directly via the revaluation reserve as a separate equity item. The write-down resulting from the successive acquisition of the Cumerio Group amounts to € -11.1 million and was shown in the consolidated statement of changes in equity for the NA Group as a revaluation reserve.

**Write-downs**

The higher valuation of inventories after revaluation of the LIFO inventories using the average cost method resulted in write-downs of this item of altogether €9.8 million in the reporting period, of which €4.6 million relates to the Copper Production Segment and €5.2 million to the Copper Processing Segment. Inventories acquired as part of the Cumerio takeover were written down by €8.1 million during the reporting period.

**Equity measure and dividend**

As part of the authorisation given at the Annual General Meeting on 30 March 2006, the subscribed capital was increased on 9 November 2007 by almost 10 % by issuing 3,715,430 new no-par-value shares for a cash contribution under exclusion of subscription rights and placed with several institutional investors. The proceeds of the placement of the new shares with a calculative nominal value of €2.56 per share amounted to €26.41 per share and the emission proceeds to €98,124,506.30.

The unappropriated earnings of fiscal year 2006/07 of Norddeutsche Affinerie AG of €59,261,136.05 were used to pay a dividend of €1.45 per share.

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**Segment reporting for the NA Group (in € thousand)**

	Copper Production Segment		Copper Processing Segment		Other		Group total	
	1st half-year 2007/08	1st half-year 2006/07	1st half-year 2007/08	1st half-year 2006/07	1st half-year 2007/08	1st half-year 2006/07	1st half-year 2007/08	1st half-year 2006/07
Revenues								
Total revenues	2,437,128	2,104,997	2,576,429	2,309,310	1,514	1,188		
- Inter-segment revenues	1,623,153	1,418,716	27,800	29,753	0	0		
Revenues with third parties	813,975	686,281	2,548,629	2,279,557	1,514	1,188	3,364,118	2,967,026
EBIT*	127,852	61,611	44,042	27,958	(1,254)	(4,168)	170,640	85,401
Earnings before taxes*	123,329	60,658	40,272	25,205	(3,013)	(4,177)	160,588	81,686

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

The reconciliation of the segment results to the earnings before taxes reported in the income statement after revaluation of LIFO inventories using the average cost method is as follows:

After revaluation of LIFO inventories using the average cost method	Copper Production Segment		Copper Processing Segment		Other		Group total	
	1st half-year 2007/08	1st half-year 2006/07	1st half-year 2007/08	1st half-year 2006/07	1st half-year 2007/08	1st half-year 2006/07	1st half-year 2007/08	1st half-year 2006/07
Difference in earnings resulting from revaluation of LIFO inventories using the average cost method	(3,671)	15,562	(6,697)	24,059	0	0	(10,368)	39,621
Earnings before taxes	119,658	76,220	33,575	49,264	(3,013)	(4,177)	150,220	121,307

**Responsibility Statement**

To the best of our knowledge, we confirm that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group, that the interim group management report provides a true and fair view of the performance of the business and the position of the group, and that the principal opportunities and risks associated with the expected development of the group for the remainder of the financial year are described.

Hamburg, 30 May 2008

Norddeutsche Affinerie Aktiengesellschaft

The Executive Board

Dr Bernd Drouven

Dr Michael Landau

Dr Bernd Langner

Dipl.-Ing. Peter Willbrandt

Dr Stefan Boel

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*Forward-looking Statements*

*This press release contains forward-looking statements based on current assumptions and forecasts. Known and unknown risks, uncertainties and other factors could cause the actual future results, financial situation or developments to differ from the estimates given here. We assume no obligation to update forward-looking statements.*