

# **INTERIM REPORT**

**First nine months 2007/08**

**1 October 2007 to 30 June 2008**

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## **Management Report**

### **Norddeutsche Affinerie AG maintains its excellent profit situation in the third quarter of fiscal year 2007/08**

Hamburg, 29 August 2008 – Norddeutsche Affinerie AG (NA) again achieved excellent earnings in the third quarter and generated a very good pre-tax profit in the first nine months of fiscal year 2007/08 ending 30 September 2008. Revenues rose significantly to € 5.98 billion (€ 4.69 billion in the prior year). Earnings before taxes (EBT) increased to € 234 million (€ 123 million in the prior year). Revenues and earnings include the full consolidation of Cumerio N.V./S.A. (Cumerio) since 1 March 2008. In addition, positive non-recurring and valuation effects of € 31 million are included.

**Significant increase in revenues and results**

The copper market has so far proved to be robust in the light of the financial market crisis and declining economic growth worldwide. It reflected the overall good global copper demand that only sporadically showed slight signs of weakness. Despite ongoing capacity expansions, copper concentrate production was still not sufficient to cover the demand on account of strikes and other factors. The copper stocks in the exchange warehouses remained at a low level. Against this background, the phase of high copper prices was sustained, with continuing fluctuations. An all-time high was reached in April with a cash price of US\$ 8,884.50 per tonne on the London Metal Exchange (LME).

**Copper market proves to be robust**

The raw material markets showed disparate trends overall. The market for copper concentrates was under pressure due to high demand at the same time as supply problems on the mining side. By contrast, the positive market situation continued in the recycling sector. High refining charges could be obtained on the basis of the good material availability. In the Copper Production Segment, a total of 1,108,000 tonnes (837,000 tonnes in the prior year) of copper concentrates have been processed so far this fiscal year, including Cumerio's throughput from March 2008 onwards. Cathode output increased to 575,000 tonnes (426,000 tonnes in the prior year). Sulphuric acid production rose to 1,105,000 tonnes (834,000 tonnes in the prior year).

The trends in the Copper Processing Segment also varied. We considerably enhanced our market position in the core markets on account of the good economic environment. In particular, demand for our main product, continuous cast wire rod, was very strong, while the market situation for continuous cast shapes was unsatisfactory. Wire rod output increased to 524,000 tonnes (341,000 tonnes in the prior year), an all-time high, whereas the production of shapes of 168,000 tonnes did not match the prior year output (183,000 tonnes).

The integration of Cumerio continued successfully. The identified synergy potentials are also being implemented as scheduled. We have scaled up the expected potentials to € 40 million from the next fiscal year onwards, while even greater potentials are expected long-term. Synergies of between € 5 and 10 million will already be achieved this year. Work is continuing in parallel on new projects aimed at further internationalisation.

**More synergies than initially expected from Cumerio take-over**

## 1. GROUP KEY FIGURES

Before revaluation of LIFO inventories using the average cost method

		3rd quarter 06/07	9 months 06/07	3rd quarter 07/08*	9 months 07/08*
Revenues	€m	1,722	4,689	<b>2,618</b>	<b>5,982</b>
Gross profit	€m	142	400	<b>227</b>	<b>614</b>
Personnel expenses	€m	57	155	<b>70</b>	<b>192</b>
Depreciation and amortisation	€m	17	44	<b>23</b>	<b>54</b>
EBITDA	€m	60	172	<b>111</b>	<b>312</b>
EBIT	€m	43	128	<b>88</b>	<b>258</b>
EBT	€m	41	123	<b>73</b>	<b>234</b>
Net income	€m	23	71	<b>48</b>	<b>167</b>
Earnings per share	€	0.60	1.89	<b>1.16</b>	<b>4.11</b>
Gross cash flow	€m	49	131	<b>68</b>	<b>217</b>
Capital expenditure (excl. financial assets)	€m	16	75	<b>29</b>	<b>72</b>
Copper price (average)	US\$/t	7,637	6,875	<b>8,448</b>	<b>7,817</b>
Average number of employees *		3,196	3,208	<b>4,678</b>	<b>3,902</b>

\* incl. Cumerio as of 1 March 2008 (1,414 employees as at 30 June 2008)

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

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

Cumerio 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 results again in the third quarter of fiscal year 2007/08 so that earnings before taxes (EBT) for the nine months rose to € 234 million (€ 123 million in the prior year). **Extraordinarily good results**

The overall successful business performance in the first nine months of fiscal year 2007/08 was influenced by the following factors:

- Constantly good production rate of metals at the same time as high metal prices
- Continued good level of refining charges for scrap and other recycled materials
- Positive results from backwardation, reduced inventories and valuation effects
- Higher prices for sulphuric acid
- Increased cathode output
- Higher volume of sales and improved revenues for wire rod
- Improved revenues for continuous cast shapes despite declining volume of sales
- Stable earnings at the subsidiaries at the prior-year level
- Additional profit contribution from Cumerio
- Declining treatment and refining charges for processed copper concentrates
- Short unscheduled production stoppage at the smelter in Pirdop
- Increased personnel expenses due to profit-sharing bonuses and restructuring

Group revenues amounted to € 5,982 million in the first nine months, up from € 4,689 million in the comparable prior-year period. The improvement is mainly due to Cumerio's contribution of € 1,252 million.

Other operating income rose from € 15 million in the prior year to € 56 million in the current fiscal year. On account of the applicable provisions under IFRS 3, Cumerio's entire copper and metal inventories had to be revalued at current market prices at the time of the first consolidation. This factor in particular resulted in negative goodwill of € 24 million at the time of acquisition, which was released to income in the period under review. The increase in the valuation of

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inventories will, however, burden results subsequent to the acquisition in the current and in future periods, if the metal prices fall.

At €614 million, gross profit was significantly higher than the prior-year figure of €400 million. In addition to the aforementioned effects on the results, this was also due to the first-time consolidation of Cumerio.

Personnel expenses likewise went up in the first nine months from €155 million in the prior year to €192 million. This is primarily due to the considerable rise in the number of employees as a result of the Cumerio takeover and increased production in the rest of the Group. This item also includes higher profit-sharing bonuses for the employees, tariff wage-scale increases and restructuring costs of €6 million at Cumerio.

Depreciation and amortisation of €54 million, of which Cumerio accounted for €12 million, was also higher than in the prior year (€44 million).

The very good earnings situation resulted in earnings before interest, taxes, depreciation and amortisation (EBITDA) of €312 million, compared with the already high level of €172 million in the prior-year period. Earnings before interest and taxes (EBIT) reached €258 million, up from €128 million in the prior year.

Overall, the breakdown of the one-off and valuation effects in the amount of €31 million for the first nine months is as follows:

**One-off and  
valuation effects  
of €31 million**

• Purchase price allocation (negative goodwill)	€ + 24 million
• Write-down of Cumerio's metal inventories as at 30 June 2008	€ - 2 million
• Valuation effects (backwardation and provisional invoicing of raw material deliveries at NA AG)	€ + 15 million
• Cost of restructuring measures at Cumerio	€ - 6 million
Total	€ + 31 million

After deducting net interest and tax expense, the consolidated net income for the first nine months of 2007/08 amounted to €167 million (€71 million in the prior year). The increase in net interest included in this figure results from the financing of the shares acquired in Cumerio as well as its first-time consolidation. At the same time the tax rate was reduced from 42 % to 29 % on account of the Corporate Tax Reform Law 2008 and the tax-neutral release of negative goodwill.

**Tax rate reduced  
to 29 %**

After elimination of the minority interest, earnings per share amounted to €4.11 for the first nine months of fiscal year 2007/08, compared with €1.89 for the prior-year period.

### Financial position and capital expenditure

The much better earnings resulted in an increase in gross cash flow to €217 million (€131 million in the prior year). This was also affected by the relatively lower tax expense and the gross cash flow of Cumerio that is included.

**Increase in gross  
cash flow to  
€217 million**

The reduction of receivables and the increase in liabilities were unable to compensate the rise in inventories on account of production standstills and the exploitation of attractive market conditions for the procurement of raw materials, so that the working capital increased overall. This resulted in a cash inflow from

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operating activities (net cash flow) of € 166 million, compared in an inflow in the prior year of € 126 million.

Total capital expenditure in the reporting period amounted to € 72 million (€ 75 million in the prior year). It primarily focused on capacity expansions in the concentrate processing facilities and measures to increase the capacity of the rod plant in Hamburg. Investments were also made in various smaller plant installations, e.g. the expansion of the electronic scrap processing and bismuth separation facilities. Capital expenditure at Cumerio amounted to € 17 million, and focused on the new tankhouse in Pirdop that was partially commissioned in July. The cash outflow for the acquisition of shares in Cumerio in the current fiscal year amounted to € 524 million.

Capex focused  
on concentrate  
processing

The proceeds from NA AG's capital increase on 9 November 2007 amounted to € 97 million. Further funds of € 437 million became available as a result of taking up financial liabilities, net of redemptions. After accounting for interest expense (€ 37 million) and dividend payments (€ 61 million), cash and cash equivalents in the Group amounted to € 41 million as at 30 June 2008.

### Net assets

Total assets rose by € 1,559 million from € 1,940 million at the end of the last fiscal year to € 3,499 million as at 30 June 2008. The significant increase is due entirely to the first-time consolidation of Cumerio, which contributed € 1,721 million. Fixed assets went up accordingly by € 513 million, inventories by € 819 million and receivables and other assets by € 389 million.

The good development of the earnings in the first nine months 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 € 876 million as at 30 June 2008. The equity ratio fell to 25 % on account of the rise in total assets (34 % on 30 September 2007).

Non-current provisions rose by € 138 million to € 252 million compared with 30 September 2007 (€ 114 million), mainly due to the contribution of € 125 million from the first-time consolidation of Cumerio. Other current provisions fell slightly by € 2 million from € 75 million to € 73 million in the reporting period.

Financial liabilities increased sharply compared with 30 September 2007 due to the financing of the acquisition of Cumerio shares and the first-time consolidation. As a result, current financial liabilities amounted to € 496 million (€ +350 million) and non-current financial liabilities to € 558 million (€ +405 million) as at 30 June 2008. Accordingly, gearing amounted to 116 % as at 30 June 2008 (43 % as at 30 September 2007).

Trade accounts payable increased by € 409 million to € 853 million (of which Cumerio: € 302 million) and the other liabilities by € 46 million to € 340 million (of which Cumerio: € 80 million).

Income tax liabilities fell by € 8 million to € 50 million due to tax payments made for previous periods.

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

In accordance with IAS 2, all inventories in the NA Group have had to be measured since 1 October 2005 applying 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, unrealistic earnings, which give an economically incorrect impression of the results of operations, financial position and net assets. As a consequence, a true picture is not given 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 increased by € 6 million (€ 66 million increase in the prior year).

Including deferred taxes, the consolidated net income for the first nine months increases by € 5 million to € 171 million, when the LIFO inventories are revalued. The increase in the comparable prior-year period was € 40 million, so that the consolidated net income amounted to € 111 million. This results in a tax rate for the reporting period of 29 %, compared with 41 % in the prior year.

After deduction of the minority interest, earnings per share amount to € 4.22 (€ 2.96 in the prior year) following 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, the balance sheet total as at 30 June 2008 rose € 1,567 million to € 3,888 million, compared with € 2,321 million as at 30 September 2007, of which € 987 million was due to the increase in inventories.

Group equity amounted to € 1,141 million as at 30 June 2008 after revaluation of the LIFO inventories, representing an equity ratio of 29 %. At the end of the last fiscal year, equity amounted to € 914 million, which resulted in an equity ratio of 39 %. On this basis, gearing amounted to 89 % as at 30 June 2008, compared with 31 % as at 30 September 2007.

The non-current provisions rose by € 141 million to € 377 million as at 30 June 2008. On 30 September 2007 they amounted to € 236 million on the basis of the average cost method.



### 3. COPPER MARKET

The copper price showed disparate trends in the third quarter. A high of US\$ 8,884.50/t was reached on 10 April, the highest copper quotation in the history of the London Metal Exchange (LME). At the beginning of June, copper was quoted for a short time at just under US\$ 8,000/t. This resulted in an average price for the quarter of US\$ 8,448/t (US\$ 7,763/t in the prior quarter). Thus, the copper price again proved to be robust compared with the declining overall economic environment. Copper quotations for cash business were on average US\$ 135/t higher than the three-month rate, indicating a shortage of copper cathodes for prompt delivery.

**Copper market in a robust state**

The copper market was affected by changing factors in the third quarter. First and foremost, there were initially strikes in the South American copper industry, which resulted in disruptions to production and delivery schedules. The copper stocks at the metal exchange warehouses remained without any major changes at a low level in the quarter. Their free availability was also very limited. The picture of an insufficient market supply grew stronger. Demand aspects dominated events after the labour disputes were settled. The persistent crisis on the international financial markets and inflation tendencies increasingly left their mark on the economies of the leading industrial nations. The uncertainty about the trend in copper demand grew. The forthcoming summer season, a time when the processing industry usually reduces its production activities and copper demand declines, contributed to this. The development of the prices was also influenced by the activities of funds and other capital investors as well as the exchange rate of the US\$ to the Euro.

### 4. OPERATING SEGMENTS

#### COPPER PRODUCTION SEGMENT

In the Copper Production Segment, copper cathodes and precious metals are produced from copper concentrates and recycled materials. The main production sites are in Hamburg (Germany), Pirdop (Bulgaria), Olen (Belgium) and Lünen (Germany).

The raw material supply and production performance were good in all sectors in the third quarter. The Pirdop site was the only one to have a lower concentrate throughput than expected on account of maintenance work that was necessary at short notice.

**Good supply of raw materials**

The Copper Production Segment's very good results are attributable to the positive situation on the recycling, precious metal and sulphuric acid markets. Only the trend in the concentrate market remained unsatisfactory. Accumulated earnings before taxes (EBT) at € 177 million were double the amount in the prior year.

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**Key figures in accordance with IFRS**

Copper Production Segment in € thousand	Nine months 06/07	Nine months 07/08	Difference in %
Revenues	3,297,831	5,353,566	+62
EBIT	90,043	191,612	+113
EBT	88,445	177,443	+101

Before revaluation of LIFO inventories using the average cost method

**Raw material markets**

Trends in the markets for copper concentrates, copper scrap and other recycled materials were mixed.

The copper concentrate markets remained under pressure on account of higher demand from China and India. Production disruptions at major mines in Chile and strikes in Peru also weighed on the market. Quantities offered for prompt delivery were bought up by the trade with in some cases very low treatment and refining charges. The direct spot business between mines and copper smelters resulted in only a few settlements. There was a general lack of momentum reflecting the future situation.

**Concentrate market still under pressure**

The supply of blister copper and precious metal-bearing raw materials remained good, so that the refining charges reached a high level.

The copper scrap market was positively impacted by the high copper price and low buying interest of Asian competitors. Material availability was high, while at the same time it was again possible to obtain good refining charges. The supply of other recycled materials, such as alloyed scrap, shredder materials, electrical and electronic scrap and residues was likewise good.

**Continued positive market situation for recycled materials**

The market for sulphuric acid has continued to develop very well. The European prices rose significantly due to the strong demand in Latin America and Asia.

**Strong sulphuric acid market**

**Cathodes, precious metals and sulphuric acid**

In the first nine months of the fiscal year, 575,000 tonnes of cathodes were produced in the Copper Production Segment (426,000 tonnes in the prior year). Output of sulphuric acid amounted to 1,105,000 tonnes (834,000 tonnes in the prior year). This includes Cumerio's output since March 2008.

Silver production rose slightly to 941 tonnes (915 tonnes in the prior year). Gold output at 25 tonnes was at the same level as in the prior year (25.4 tonnes).

### Hamburg

The supply of concentrates for the Hamburg smelter was assured on account of our long-term oriented procurement strategy. The treatment and refining charges were much higher than the current market conditions.

The throughput of concentrates in the third quarter amounted to 272,000 tonnes (274,000 tonnes in the prior year). Accumulated, we processed 812,000 tonnes of copper concentrates in the first nine months (837,000 tonnes in the prior year). The slight decline was mainly attributable to scheduled maintenance work in the first quarter.

Sulphuric acid output reached 270,000 tonnes in the third quarter (273,000 tonnes in the prior year). In line with the concentrate throughput, altogether 807,000 tonnes of sulphuric acid were produced (834,000 tonnes in the prior year).

The tankhouse was fully utilised and produced 96,000 tonnes of cathodes in the third quarter (95,000 tonnes in the prior year). The accumulated cathode output amounted to 286,000 tonnes (284,000 tonnes in the prior year).

Capacity utilisation in our precious metal sector was very high again in the third quarter. Silver production amounted to 311 tonnes (312 tonnes in the prior year). Accumulated silver production amounted to 941 tonnes, 3 % up on the prior year figure of 915 tonnes.

Some 8 tonnes of gold were produced in the third quarter (8.6 tonnes in the prior year). The accumulated gold output totalled 25 tonnes, almost reaching the prior-year level of 25.4 tonnes.

### Pirdop

The Bulgarian primary smelter was kept fully supplied and processed 205,000 tonnes of copper concentrates in the third quarter. On account of maintenance work, this quantity was however about 15 % less than expected. This did not affect the cathode output in the tankhouses in Pirdop and Olen. The accumulated throughput amounted to 296,000 tonnes of copper concentrates. Sulphuric acid production in the third quarter amounted to 208,000 tonnes, with a total output of 298,000 tonnes.

Cathode output reached 17,000 tonnes in the third quarter. A total of 23,000 tonnes have been produced since the first consolidation in March 2008.

The new tankhouse with a capacity of 180,000 tonnes p.a. was commissioned on 1 July 2008. The full capacity will be available at the end of 2008.

**New tankhouse  
in Pirdop  
successfully  
commissioned  
in July**

### Lünen

The Kayser Recycling System (KRS) processed 48,000 tonnes of recycled raw materials in the third quarter. The KRS throughput was 4 % down on the prior-year quarter (50,000 tonnes) due to a scheduled standstill to replace the refractory brickwork. The relining was completed in record time. In the first nine months, 161,000 tonnes of recycled materials were treated (157,000 tonnes in the prior year).

We achieved an all-time high in the Lünen tankhouse with an output of 51,000 tonnes of cathodes, an increase of 4 % compared with the prior-year quarter (49,000 tonnes). The total cathode output in Lünen thus amounted to 151,000 tonnes (142,000 tonnes in the prior year).

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Olen

The copper production facilities in Belgium were utilised to full capacity in the third quarter, with an output of 86,000 tonnes of cathodes. We have produced 115,000 tonnes of cathodes since March 2008. Supply of the tankhouse in Olen is ensured in the form of anodes from Pirdop, its own production and third parties.

**COPPER PROCESSING SEGMENT**

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

Increased production of our most important product, wire rod (Rod), is one of the main reasons for the significantly higher segment earnings. The basic economic environment in most of our European core markets for wire rod was stable, and we were able to exploit it well. This is reflected in improved sales conditions for the current year, from which all the rod plants in the Group benefited.

**Product business  
remains good  
overall**

Demand for continuous cast shapes is still restrained. It was therefore not possible to increase the profit contribution of the prior year from these products.

However, the Segment's accumulated earnings before taxes (EBT) of €60.9 million were 53 % up on the prior year.

**Key figures in accordance with IFRS**

Copper Processing Segment in € thousand	Nine months 06/07	Nine months 07/08	Difference in %
Revenues	3,662,735	<b>4,469,481</b>	<b>+22</b>
EBIT	43,486	<b>70,640</b>	<b>+62</b>
EBT	39,876	<b>60,944</b>	<b>+53</b>

Before revaluation of LIFO inventories using the average cost method

**Product markets**

Capacities in the European cable and wire industry were again well utilised in the third quarter. However, growth weakened slightly compared with the prior quarters. The effects of the financial market crisis also weighed on the markets. Above all, the producers of copper enamelled wire, which is used in white goods or automobiles, are reporting declining incoming orders. The energy sector is still well utilised and has strong demand. This applies, above all, to Northern Europe and is particularly clearly reflected in Germany, which is NA's core market. The overall market environment for wire rod customers remained good.

The environment in the semi-finished product industry remained problematic. The weak U.S. dollar made it more difficult to export to the U.S.A. and to Asia.

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Manufacturers of installation pipes continued the trend for the substitution of copper by other materials, such as plastics or stainless steel, on account of the persistently high copper prices.

Demand for high-conductive rolled products for the electrical engineering and electronic industries remained stable at a high level.

### Continuous cast wire rod (Rod)

We consolidated our market position for wire rod in the third quarter. The four works produced a total of 238,000 tonnes of rod (114,000 tonnes in the prior year), resulting in an output of 524,000 tonnes (341,000 tonnes in the prior year) for the first nine months. We were able to improve our inventory and material flow management significantly on account of our expanded regional positioning.

Enhanced market position for Rod

#### Hamburg / Emmerich

The two German plants produced 123,000 tonnes in the third quarter (114,000 tonnes in the prior year). Production and sales were therefore much higher than in the prior year and also better than the general market trend. The accumulated output amounted to 368,000 tonnes (341,000 tonnes in the prior year).

#### Olen / Avellino

The rod plants in Belgium and Italy produced 115,000 tonnes in the third quarter. A total of 155,000 tonnes has been produced since the consolidation of Cumerio in March 2008. The growth rates here were also better than the average in the industry.

### Continuous cast shapes (Cast)

Output of our high-grade continuous cast shapes in the third quarter amounted to 65,000 tonnes, matching the level of the second quarter, and together with Cumerio's output was up on the prior-year production (61,000 tonnes). We believe that demand is stabilising at this level. The accumulated production amounted to 168,000 tonnes (183,000 tonnes in the prior year).

#### Hamburg

We produced 48,000 tonnes (61,000 tonnes in the prior year) of billets and cakes in the Hamburg continuous casting plant. The total output for the nine months amounted to 144,000 tonnes (183,000 tonnes in the prior year).

#### Olen

The plant in Belgium produced 17,000 tonnes in the third quarter. The output from March to June 2008 amounted to 23,000 tonnes.

### Pre-rolled strip (Schwermetall Halbzeugwerk)

Demand has stabilised at a high level in Europe, our core market, while the overseas business has declined further due to the continuing weak U.S. dollar exchange rate. Schwermetall Halbzeugwerk (50 % NA holding) produced 58,000 tonnes (61,000 tonnes in the prior year) in the third quarter. Total output amounted to 166,000 tonnes (188,000 tonnes in the prior year).

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### Strip and wire (Prymetall)

Prymetall also continued in the third quarter to focus on high-value products and abandoned the production of high-volume strip with weak profit margins. The strip sector has been extensively modernised in order to meet customer demands even better as regards flexibility and quality. The trend in earnings was still very positive. Following the very high order intake in the second quarter, the market reached a normal level in the third quarter for seasonal reasons. The production output amounted to 16,000 tonnes of strip and wire products as in the prior year.

Total output after nine months of 44,000 tonnes of strip and wire products was roughly the same as in the prior year (48,000 tonnes). Prymetall has further improved its market position in Europe thanks to its subsidiary slitting centres: EIP Metals Ltd. in Smethwick / England and Prymetall Slovakia s.r.o. in Dolný Kubín / Slovakia.

## 5. HUMAN RESOURCES

The NA Group had 4,685 employees at the end of the third quarter (3,199 in the prior year). The significant increase is mainly due to the inclusion of Cumerio (1,414 employees).

The NA Group employees are spread over the following countries: Germany (3,232), Bulgaria (760), Belgium (510), Italy (102), Switzerland (40), England (30), Slovakia (9) and Turkey (2). Group-wide, 69 % of the workforce is employed in Germany and 31 % in other European countries.

The NA Group will take on 91 new apprentices for the new training year 2008/09. The extensive training programme at NA covers 19 trades and professions. NA is exemplary in German industrial companies with a total of 7.8 % of its workforce in apprenticeships.

**91 new  
apprentices**

In addition, NA is continuing its measures to maintain and improve the skills of its employees by providing internal and external vocational training programmes.

### Incentive plan

The Executive Board and senior staff were able to exercise their incentive plan options from the second tranche from the beginning of March 2008 to the beginning of June 2008. The resultant compensation amounted to some €3.7 million.

## 6. RESEARCH AND DEVELOPMENT

The research and development sector focused on increasing the copper yield from various metallurgical products in primary copper production as well as the optimisation of off-gas treatment. Tests to improve the extraction of by-elements from intermediate and end products were continued. In the product sector, work centred on improving the cutting properties of bronze alloys and optimising copper materials for special applications in the electrical engineering.

In addition, we have continued with the development of CIS solar cells to mass production maturity. Planning for the installation of a production plant has been

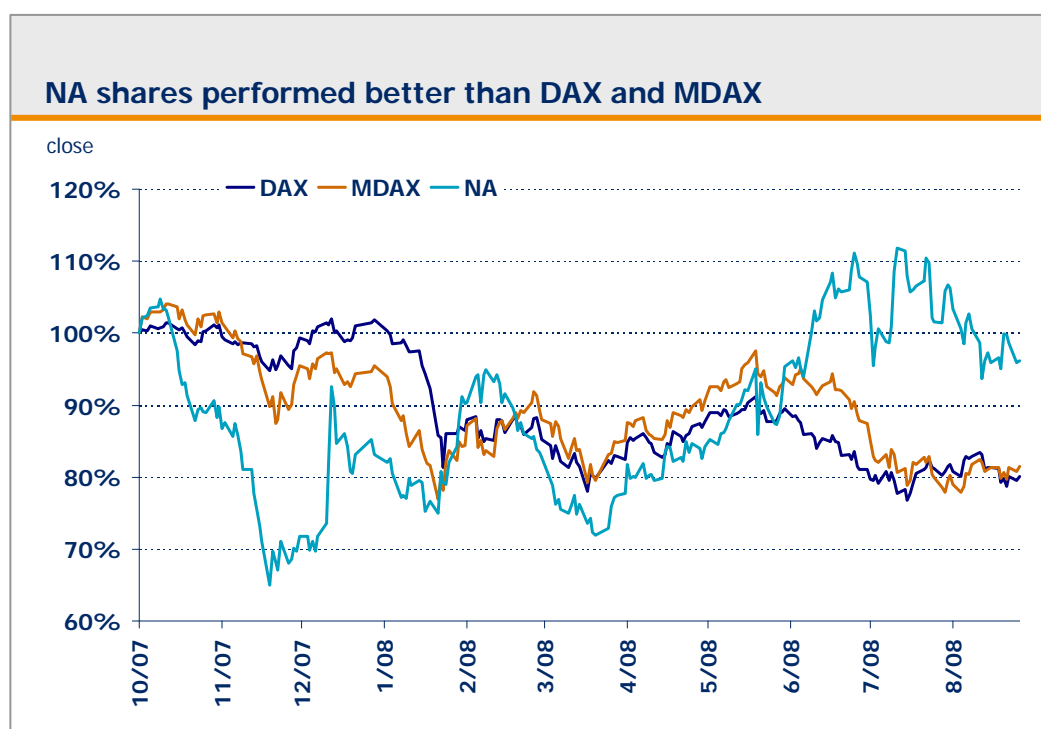
continued. The final decision on the mass production is expected to be reached at the end of the year.

## 7. NA SHARES

The investment in raw material securities continued on the financial markets in the third quarter of the current fiscal year. The ongoing financial market crisis as well as the sharp rise in the price of crude oil and other raw materials caused uncertainty on the stock markets. In addition, there was increased concern that global economic growth could slow down, in particular due to rising inflation rates.

The German stock indices held their own for a short time following the cut in the U.S. prime rate on 30 April 2008. The DAX went over the 7,000 mark on 2 May 2008 and the MDAX reached the 10,000 mark on 19 May 2008.

NA's share price rose 31 % from € 26.40 on 1 April 2008 to € 34.60 on 30 June 2008. In the same period the DAX declined by about 4 %, while the MDAX remained unchanged. The publication of the interim report on 30 May 2008 as well as positive analysts' reports supported this trend. As at 30 June 2008, NA's market capitalisation amounted to about € 1.4 billion.



NA shares have performed well in the current fiscal year, compared with the current trend on the German stock markets. Both the DAX and the MDAX lost some 20 % in value between 1 October 2007 and 25 August 2008, while NA shares remained comparably stable with a price decline of only 4 %.



## 8. CORPORATE GOVERNANCE

### Changes in NA's shareholder structure

A-TEC INDUSTRIES AG (A-TEC) has sold all its previously acquired NA shares and has thus complied with the ruling of the Federal Cartel Office issued on 28 February 2008. A-TEC has appealed against the ruling at the Düsseldorf Higher Regional Court; the decision is still outstanding.

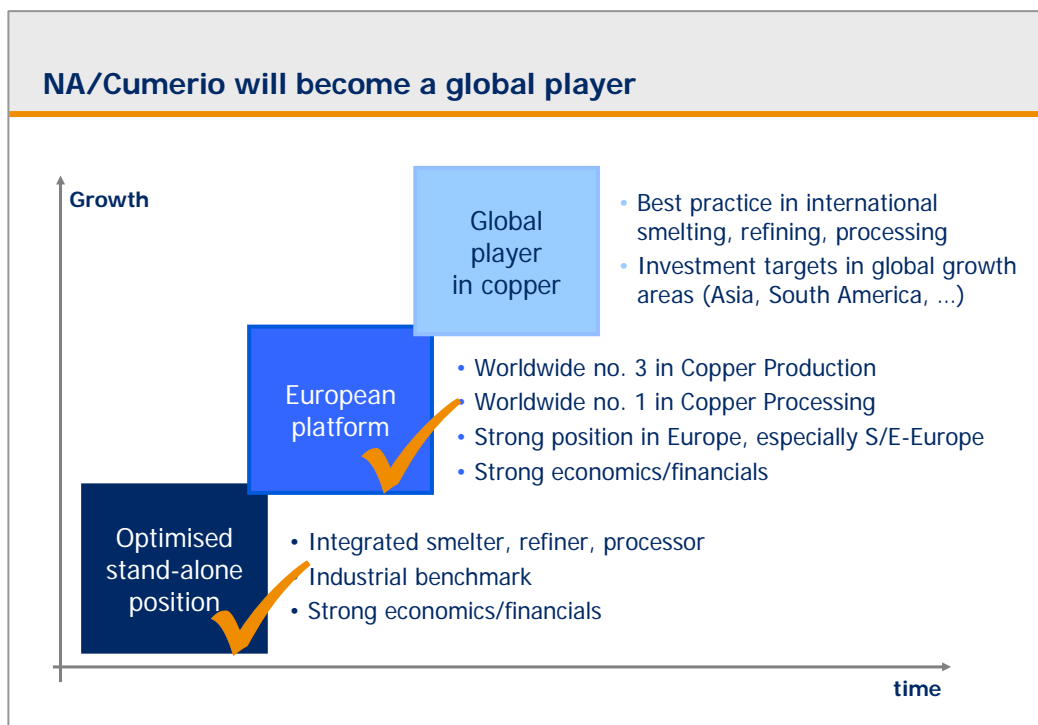
Salzgitter Mannesmann GmbH initially acquired a 5.8 % investment in NA on 10 July 2008. HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH then sold its 5% investment in NA to Salzgitter Mannesmann GmbH on 7 August. As a result, Salzgitter AG has held about 10.8 % of NA shares since 7 August 2008 via its subsidiary Salzgitter Mannesmann GmbH.

**Salzgitter AG is new major shareholder**

## 9. OPERATING AND STRATEGIC MEASURES FOR CORPORATE DEVELOPMENT

### Strategic measures

Following the Cumerio takeover, the NA Group focused its strategic development on the implementation of the individual synergy and integration projects. At the same time, the prerequisites were created to enable us to take the next step towards internationalisation beyond the borders of Europe, our core market.



As part of our integration project, we planned about 200 concrete synergy and integration measures during the concept phase, which has meanwhile been completed. These measures are now being put in place in the current project implementation phase. The results of our integration endeavours have confirmed



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the industrial logic and value-added potential of the combination of two complementary companies. Apart from classic scale effects in procurement or logistics, additional improvement opportunities and productivity reserves have been identified during meetings at which experiences with comparable plants have been shared. The originally expected overall synergy potential of € 15 to 20 million p.a. has been exceeded by a substantial amount: potential savings from the projects still to be implemented amount to more than € 40 million p.a., spread over all of the Group's major production sites.

### Operating measures

While implementation of the optimisation ideas from the NA Lead performance enhancement programme still continues, we have introduced additional measures to increase productivity and reduce costs as part of the technical exchanges with the new sites and installations of Cumerio. As an example, production stoppages in the sulphuric acid production plants could already be shortened in the last quarter by improving the repair and maintenance procedures, with the result that maintenance costs were reduced and less production days were lost. In the copper processing sector, the inventories could be reduced and the costs lowered by reconciling the casting programmes and standstill times of the rod and continuous casting plants. Our customers are benefiting from the additional flexibility and reliability of our deliveries as a result of our new inventory and material flow management.

The advantages of our 30-year contract on a production cost basis are now even more significant in view of the massive increases in electricity prices in the meantime on the EEX electricity exchange.

We have extended our contract for the natural gas supply for the Hamburg site at very favourable conditions until 2013. The gas contract for our Lünen site has also been extended until the end of 2010. In doing so, the basic conditions could be improved compared with the contract to date. By contrast, rising energy prices must be expected at Cumerio's production sites in Bulgaria, Belgium and Italy. We are optimistic that we will find solutions for a cost-effective energy supply.

## 10. RISK AND OPPORTUNITY MANAGEMENT

We see no significant structural changes for risks and opportunities compared with the prior fiscal year. We are integrating the risks to allow for the increased size of the group since the acquisition of Cumerio and have already started to implement the measures to achieve this. Our risk and opportunity management system remains a suitable instrument to control the relevant topics in the expanded NA Group.

## 11. OUTLOOK

After the U.S.A., the repercussions of the global financial crisis are now also being felt in the economies of Europe and Japan. The economic performance has also declined slightly in the three largest Euro-countries, Germany, France and Italy, just as in Japan. Whether this will continue during the rest of the year is uncertain and remains to be seen. China's economy in contrast had a growth rate of 10 % in the first half of 2008 and is obviously maintaining its momentum.

Based on the high copper prices, we expect the positive trend in the expansion of mining capacities to continue. The International Copper Study Group has forecast a capacity increase of 6.5 % for 2009, which will result in a higher supply of concentrates. Copper production is currently not adversely affected by major disruptions so that the copper market lacks trend-setting momentum. Although the copper price fell again in August to less than US\$ 8,000/t, this does not indicate the beginning of a reversal of the trend. In the copper scrap market, the firm copper price will still ensure high material availability. However, the availability on the market depends on the buying behaviour of Asian competitors and is thus difficult to foresee. As regards complex recycled raw materials, we expect the market situation to remain good.

**Increased  
concentrate output  
from copper mines**

**High copper prices  
also expected in  
future**

The basic conditions vary for how demand for copper products will develop. In Europe's semis industry, the trend is expected to be sluggish. The cable and wire producers in contrast have a much more optimistic view of their business, despite slight declines from a very high level of demand. For China, which has the largest demand for copper, demand is expected to stay good overall and Chinese cathode imports are expected to increase in autumn 2008. The outlook for Central and Eastern Europe is also positive.

In view of the good raw material availability, we expect our copper production facilities to remain fully utilised during the remainder of the fiscal year. An almost two-week maintenance standstill has been scheduled for the Pirdop smelter in mid September 2008. As of 30 September the regular production stoppage for maintenance including boiler overhaul will follow in the Hamburg smelter, which will also take almost two weeks. We expect concentrate throughput in Hamburg to increase by about 5 % in the next fiscal year on account of the successful commissioning of the facilities to further improve environmental protection and to enlarge the capacity of the primary smelter.

Based on the good demand for wire rod, we expect our production plant to be very well utilised in this sector as well. As to continuous cast shapes, we expect the trend in demand to be stable, but at a lower level compared with prior years.

**Continued good  
market situation  
expected for wire rod**

We have initiated structural measures that go beyond the purely functional and operational integration in order to achieve further growth steps. With a new organisational structure based on the three business units of Primary Copper Production, Recycling/Precious Metals and Copper Products, we will be in an even better position to grow in our core business and to integrate future acquisitions. We will match our financial reporting to the new organisational structure in the next fiscal year.

**New organisational  
structure**

The integration of NA and Cumerio is still on schedule. Synergies in the range of € 5 and 10 million will already be achieved in the current fiscal year. We expect synergies in the range of € 40 million to take effect from fiscal year 2008/09 onwards. In the long term we expect an annual synergy potential of € 50 million.

**Increased synergy  
potential for Cumerio  
takeover**

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As of 22 September 2008, NA shares will also be listed in the European Stoxx 600 Index. This will make NA shares interesting for a wider circle of investors and support the positive share performance.

Earnings before taxes (EBT) of € 234 million were generated in the first nine months. Without the inclusion of the valuation effects of € 31 million, EBT amounted to €203 million. We are also viewing the results of the fourth quarter positively and confirm our EBT forecast for the current fiscal year of €250 million before valuation effects resulting from temporary factors such as changes in the copper prices and backwardation.

**FINANCIAL CALENDAR**

6 September 2008	Open Day at the Hamburg Stock Exchange
17 December 2008	Preliminary results for fiscal 2007/08
26 February 2009	Annual General Meeting

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Interim report on first nine months of fiscal year 2007/08

**Consolidated balance sheet (IFRS) (in € thousand)**

<b>ASSETS</b>	<b>30.6.2008</b>	<b>30.9.2007</b>
Intangible assets	<b>47,980</b>	28,176
Property, plant and equipment	<b>869,466</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>306</b>	426
	<b>1,158</b>	217,139
Fixed assets	<b>918,641</b>	609,861
Deferred tax assets	<b>7,018</b>	1,326
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>1,436</b>	0
Non-current receivables and financial assets	<b>37,280</b>	28,824
Other non-current assets	<b>0</b>	6,899
	<b>37,280</b>	35,723
Non-current assets	<b>962,939</b>	646,910
Inventories	<b>1,922,737</b>	935,969
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>387,768</b>	381,431
Current receivables and other assets		
Trade accounts receivable	<b>519,003</b>	334,872
Other current receivables and assets	<b>441,937</b>	383,015
	<b>960,940</b>	717,887
Short-term security investments	<b>317</b>	392
Cash and cash equivalents	<b>41,058</b>	20,018
Current assets	<b>2,925,052</b>	1,674,266
	<b>3,887,991</b>	2,321,176

Interim report on first nine months of fiscal year 2007/08

**Consolidated balance sheet (IFRS) (in € thousand)**

<b>EQUITY AND LIABILITIES</b>	<b>30.6.2008</b>	<b>30.9.2007</b>
Equity		
Subscribed capital	104,627	95,115
Additional paid-in capital	188,946	101,557
Generated group earnings	833,094	733,818
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	264,342	259,717
Changes in accumulated other comprehensive income	10,062	(19,619)
Equity attributable to shareholders of NA AG	1,136,729	910,871
Minority interest	3,788	2,761
	1,140,517	913,632
Non-current provisions		
Pension provision	68,268	58,799
Deferred tax liabilities	268,365	143,441
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	124,862	121,714
Other non-current provisions	39,886	33,521
	376,519	235,761
Non-current liabilities		
Non-current financial liabilities	558,273	153,112
Other non-current liabilities	2,309	0
	560,582	153,112
Non-current provisions and liabilities	937,101	388,873
Other current provisions	72,545	75,400
Current liabilities		
Current financial liabilities	496,284	145,877
Trade accounts payable	853,637	444,721
Income tax liabilities	50,116	58,480
Other current liabilities	337,791	294,193
	1,737,828	943,271
Current provisions and liabilities	1,810,373	1,018,671
Liabilities	2,747,474	1,407,544
	3,887,991	2,321,176

Interim report on first nine months of fiscal year 2007/08

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

	Nine months 2007/08	Nine months 2006/07
Revenues	<b>5,982,362</b>	4,688,712
Changes in inventories of finished goods and work in process	<b>117,503</b>	160,508
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>20,578</b>	3,329
Own work capitalised	<b>5,393</b>	2,493
Other operating income	<b>56,194</b>	14,840
Cost of materials	<b>(5,540,805)</b>	(4,400,483)
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(14,240)</b>	62,687
Gross profit	<b>620,647</b>	466,070
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>6,338</b>	66,016
Personnel expenses	<b>(191,837)</b>	(154,825)
Depreciation and amortisation	<b>(53,756)</b>	(43,714)
Other operating expenses	<b>(110,971)</b>	(73,669)
Operational result	<b>264,083</b>	193,862
Result from investments	<b>706</b>	579
Interest income	<b>11,879</b>	5,975
Interest expense	<b>(36,577)</b>	(11,258)
Earnings before taxes (EBT)	<b>240,091</b>	189,158
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>6,338</b>	66,016
Income taxes	<b>(68,758)</b>	(78,207)
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>(1,713)</b>	(26,406)
Consolidated net income	<b>171,333</b>	110,951
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>4,625</b>	39,610
Income attributable to minority interest	<b>(1,390)</b>	(939)
Consolidated net income after minority interest	<b>169,943</b>	110,012
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>4,625</b>	39,610
Basic earnings per share (in €)	<b>4.22</b>	2.96
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>0.11</b>	1.07
Diluted earnings per share (in €)	<b>4.22</b>	2.96
<i>thereof from revaluation of LIFO inventories using the average cost method</i>	<b>0.11</b>	1.07

Interim report on first nine months of fiscal year 2007/08

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

	Nine months 2007/08	Nine months 2006/07
Earnings before taxes after revaluation of LIFO inventories	<b>240,091</b>	189,158
Revaluation of LIFO inventories using the average cost method	<b>(6,338)</b>	(66,016)
<b>Earnings before taxes before revaluation of LIFO inventories</b>	<b>233,753</b>	123,142
Depreciation and amortisation	<b>53,756</b>	43,714
Impairment losses on current assets	<b>1,292</b>	1,672
Change in long-term provisions	<b>2,765</b>	2,985
Gain/loss from disposal of fixed assets	<b>1,063</b>	1,494
Other non-cash-related expense and income	<b>(25,079)</b>	0
Result of investments	<b>(706)</b>	(579)
Net interest expense	<b>24,697</b>	5,283
Income taxes paid	<b>(74,281)</b>	(46,663)
<b>Gross cash flow</b>	<b>217,260</b>	131,048
Change in receivables and other assets, including short-term security investments	<b>154,815</b>	270,588
Change in inventories	<b>(237,081)</b>	(255,449)
Change in current provisions	<b>(4,604)</b>	6,741
Change in liabilities (excl. financial liabilities)	<b>35,228</b>	(26,568)
<b>Cash inflow from operating activities (net cash flow)</b>	<b>165,618</b>	126,360
Purchase of fixed assets	<b>(71,992)</b>	(74,907)
Payments for the acquisition of shares in Cumerio	<b>(524,339)</b>	(71,688)
Proceeds from disposal of fixed assets	<b>2,342</b>	300
Interest received	<b>11,879</b>	5,975
Dividends received	<b>706</b>	579
<b>Cash outflow from investing activities</b>	<b>(581,400)</b>	(139,741)
Proceeds from capital increases	<b>96,901</b>	0
Proceeds from taking up financial liabilities	<b>665,390</b>	71,948
Payment for the redemption of financial liabilities	<b>(228,372)</b>	(8,132)
Interest paid	<b>(36,576)</b>	(11,258)
Dividend payments	<b>(60,521)</b>	(40,208)
<b>Cash inflow from financing activities</b>	<b>436,822</b>	12,350
Net change in cash and cash equivalents	<b>21,040</b>	(1,031)
Cash and cash equivalents at the beginning of period	<b>20,018</b>	6,566
<b>Cash and cash equivalents at end of period</b>	<b>41,058</b>	5,535

Interim report on first nine months of fiscal year 2007/08

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

	Sub-scribed capital	Additional paid-in capital	Generated group equity	Revaluation reserve	Changes in accumulated other comprehensive income	Equity attributable to shareholders 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					57,870	57,870		57,870
Market valuation of other financial assets					7,556	7,556		7,556
Exchange differences					2	2		2
Deferred taxes on changes in accumulated other comprehensive income					(26,170)	(26,170)		(26,170)
Changes in equity not recognised in income	0	0	(39,012)	0	39,258	246	(1,196)	(950)
Consolidated net income			110,012			110,012	939	110,951
<i>thereof from revaluation of LIFO inventories using the average cost method</i>			39,610			39,610		39,610
Changes in equity recognised in income	0	0	110,012	0	0	110,012	939	110,951
<i>thereof from revaluation of LIFO inventories using the average cost method</i>			39,610			39,610		39,610
Balance as at 30.6.2007	95,115	101,941	621,683	0	(15,095)	803,644	2,517	806,161
<i>thereof from revaluation of LIFO inventories using the average cost method</i>			234,774			234,774		234,774



## Interim report on first nine months of fiscal year 2007/08

	Sub-scribed capital	Additional paid-in capital	Generated group equity	Revaluation reserve	Changes in accumulated other comprehensive income	Equity attributable to shareholders 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	733,818 259,717	0	(19,619)	910,871 259,717	2,761	913,632 259,717
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					36,377	36,377	7	36,384
Exchange differences					(66)	(66)		(66)
Deferred taxes on changes in accumulated other comprehensive income					(6,630)	(6,630)		(6,630)
Successive acquisition of Cumerio			2,424	(13,830)		(11,406)	890	(10,516)
Changes in equity not recognised in income	9,512	87,389	(56,837)	(13,830)	29,681	55,915	(363)	55,552
Consolidated net income <i>thereof from revaluation of LIFO inventories using the average cost method</i>			169,943 4,625			169,943 4,625	1,390	171,333 4,625
Changes in equity recognised in income <i>thereof from revaluation of LIFO inventories using the average cost method</i>	0	0	169,943 4,625	0	0	169,943 4,625	1,390	171,333 4,625
Balance as at 30.6.2008 <i>thereof from revaluation of LIFO inventories using the average cost method</i>	104,627	188,946	846,924 264,342	(13,830)	10,062	1,136,729 264,342	3,788	1,140,517 264,342
Total income and expense for 9 months 2006/07			110,012	0	39,258	149,270	939	142,653
Total income and expense for 9 months 2007/08			172,367	(13,830)	29,681	188,218	2,287	190,505

### **Notes on 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 deconsolidated 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.

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

- Cumerio, Brussels
- Cumerio Belgium, Brussels
- Cumerio Med JSCO, Pirdop
- Cumerio Bulgaria, Sofia
- Cumerio Italia, Milan
- Cumerio Austria, Vienna
- Swiss Advanced Materials AG, Yverdon-les-Bains

Each of these companies was a wholly-owned subsidiary in the NA Group as at 30 June 2008.

### **Acquisition of Cumerio group**

The purchase price for the shares in Cumerio amounted to € 763.4 million. The acquisition costs therefore total € 781.6 million including the transaction costs of € 18.2 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 yet 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 of € 23.6 million, which has been recognised in profit and loss in line with IFRS 3.56. This amount is included in the accompanying income statement in other operating income.

## Interim report on first nine months of fiscal year 2007/08

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 €2 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 € 7,508 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	(0.4)	392.3
Cash and cash equivalents	38.1	0.0	38.1
Acquired assets	1,194.6	500.2	1,694.8
Pension provisions	4.8	1.7	6.5
Deferred tax liabilities	5.2	116.5	121.7
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	6.8	280.3
Other current liabilities	164.0	0.0	164.0
Acquired liabilities	775.2	125.0	900.2
Acquired net assets	419.4	375.2	794.6

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 the 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 €-14 million and was shown in the consolidated statement of changes in equity in 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 €10.1 million in the reporting period, of which €6.7 million relates to the Copper Production Segment and €3.4 million to the Copper Processing Segment. Inventories acquired as part of the Cumerio takeover were written down by €0.4 million during the reporting period.

### **Equity measure and dividend**

As part of the authorisation given at the Annual General Meeting on 30 March 2006, it was resolved to increase the subscribed capital 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 to place them 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 in the amount of €59,261,136.05 were used to pay a dividend of €1.45 per share.

Interim report on first nine months of fiscal year 2007/08

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

	Copper Production Segment		Copper Processing Segment		Other		Group total	
	Nine months 2007/08	Nine months 2006/07	Nine months 2007/08	Nine months 2006/07	Nine months 2007/08	Nine months 2006/07	Nine months 2007/08	Nine months 2006/07
Revenues								
Total revenues	5,353,566	3,297,831	4,469,481	3,662,735	2,419	2,297		
- Inter-segment revenues	3,803,713	2,229,467	39,391	44,684	0	0		
Revenues with third parties	1,549,853	1,068,364	4,430,090	3,618,051	2,419	2,297	5,982,362	4,688,712
EBIT*	191,612	90,043	70,640	43,486	(3,801)	(5,104)	258,451	128,425
Earnings before taxes*	177,443	88,445	60,944	39,876	(4,634)	(5,179)	233,753	123,142

\* 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	
	Nine months 2007/08	Nine months 2006/07	Nine months 2007/08	Nine months 2006/07	Nine months 2007/08	Nine months 2006/07	Nine months 2007/08	Nine months 2006/07
Difference in earnings resulting from revaluation of LIFO inventories using the average cost method	1,037	29,277	5,301	36,739	0	0	6,338	66,016
Earnings before taxes	178,480	117,722	66,245	76,615	(4,634)	(5,179)	240,091	189,158

**Disclaimer***Forward-looking statements*

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