



**Financial Statements and
Management Report 2005/06**
Norddeutsche Affinerie AG (NA AG)

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Management Report Norddeutsche Affinerie AG

BUSINESS ACTIVITIES AND GROUP STRUCTURE

Business activities

Norddeutsche Affinerie AG produced a total of 550,000 tonnes of copper cathodes in fiscal year 2005/06 and thus belongs to the group of the largest producers of refined copper worldwide. In 2006 global production of refined copper amounted to some 17.8 million tonnes. In the processing of copper concentrates, NA AG belongs to the leading group with its current processing capacity of more than one million tonnes. In the copper recycling sector, NA is the market leader, both as regards throughput and its processing possibilities for a great variety of materials. We maintain a strong position, in particular in the recycling of electric and electronic scrap.

The organisational structure of NA AG is based on the two business segments of Copper Production and Copper Processing.

The Copper Processing Segment includes the smelting and refining activities at the Hamburg and Lünen sites just as smaller subsidiaries and holdings, which are active in connected business fields. Tradable copper cathodes are primarily produced from copper concentrates at the Hamburg headquarters, which is also the central production site. A variety of copper-containing secondary raw materials are likewise refined into copper cathodes at the NA recycling centre in Lünen. In addition to copper cathodes, gold, silver, sulphuric acid and iron silicate products are also produced and marketed in the Segment.

NA AG continues the value added of copper in the Copper Processing Segment. At the first processing stage, we process cathodes into continuous cast wire rod (NA AG Hamburg and Deutsche Giessdraht Emmerich, 60% NA AG) and continuous cast shapes (NA AG Hamburg).

Legal structure

NA AG was founded in 1866 as a joint stock corporation with interests held by Norddeutsche Bank and Allgemeine Deutsche Kreditanstalt. After the initial public offering in 1998, the shares were initially listed in the SDAX market segment until they were admitted to the MDAX in 2003.

In January 2006 NA increased its capital by € 8,552,752.64 to € 95,115,056.64. The funds raised should be used inter alia for the realisation of our power plant project. Since March 2006 NA AG has held 50% each of the shares in KPP Kraftwerk Peute Projektmanagement GmbH & Co. KG, Hamburg (KPP) and KPV Kraftwerk Peute Verwaltungsgesellschaft mbH (KPV), both with their registered offices in Hamburg. KPV was established for the business management of the KPP project company.

Significant legal and economic factors

International copper and raw material markets

NA AG's business is affected by trends on the international copper market and on the global commodity markets. The price basis of the raw material and product business is formed by the copper quotations on the London Metal Exchange (LME).

Further important factors are the general economic conditions, developments on the foreign exchange markets, political intervention in competition and directives and specifications relating to environmental protection.

The LME copper price has always been a transitory item in NA AG's business, since it forms both the basis for raw material procurement and product sales.

In our raw material procurement, treatment and refining charges are negotiated and agreed as the payment for the conversion of raw materials into copper cathodes. Premiums (e.g. for quality or type of price formation) and shape surcharges (for the conversion of cathodes into copper products) are fixed for copper products.

Energy price

The price trends on the energy markets have an impact on NA AG, as an energy-intensive enterprise. The energy market in Germany is characterised by oligopolistic structures that have resulted in excessive prices for electricity and gas. Consequently, for enterprises like NA AG, there is currently hardly any room for manoeuvre in energy procurement. This is why NA AG has decided in favour of building its own power plant on the basis of substitute fuel.

STRATEGY AND TARGETS – CORPORATE MANAGEMENT

NA AG has set itself ambitious strategic targets that go far beyond the year 2007

The international copper industry is an attractive global growth industry, because copper is the metal of modern life and growth on account of its excellent physical, mechanical and chemical properties. It is the basis for energy production and distribution, for electrical drives, for computer technology, for communications and for many other applications.

NA AG is growing with this industry and participates actively in the international consolidation and restructuring of this global industry.

NA AG enjoys international acceptance as a leading company in the copper industry although the main production sites are currently still exclusively located in Germany. NA's trademarks are its operating strength in the production and processing of copper, its exemplary standards in environmental protection and recycling as well as its strong focus on markets and the specific needs of its suppliers and customers.

NA AG is very well positioned, both in the European and global raw material and product markets. It does not avoid the challenges of international competition, but demands that this must be fair and without hidden, national subsidies within the framework of the world trade agreement.

Operating strength is constantly enhanced

NA AG's central operating targets still remain the continual improvement of its performance, productivity and quality. In doing so, NA AG is confident of

its employees' knowledge and competence, which have grown over decades, and steadily develops these further.

Since the beginning of the '90s, the efficiency of energy utilisation (electricity, natural gas) has grown into an additional key issue, since most of NA AG's processes, but in particular, process technology for environmental protection, are very energy-intensive. NA AG is also exemplary internationally in climate protection and in its own research work actively supports the development of regenerative energy, which can be competitive long-term without subsidies.

In 2009 NA AG will be able to reduce its current dependence on the German energy suppliers and their market oligopoly noticeably by the construction and commissioning of its own power plant at the Hamburg site.

Creation of an international copper platform for NA AG's further growth

The quick consolidation of the European and global industrial environment as well as the expansion of the sales markets in India, China and South America offer NA AG the opportunity of further growth as a result of internal capital expenditure and the investment in or acquisition of external companies. NA AG is excellently positioned for this:

- NA AG can prove its operating performance potential at any time and has already utilised this in several acquisitions. It is thus an interesting partner for other likewise globally active companies in order to enhance operating potential after a merger. This applies equally for the copper production and the copper processing sectors.

- The positive development of NA AG's shareholder value and its solid balance sheet enable it to finance major investment projects and acquisitions.

In the next few years, NA AG will be able to further enhance its very good position in copper production from copper concentrates and recycling raw materials as well as in the wire rod, continuous casting and strip product sectors.

This gives NA AG the possibility of strengthening its role in the international copper industry and of creating a platform for long-term growth. At the same time, it pursues three strategic development targets:

- ***Entry into international copper production***

Creation of an international network of attractive smelter capacities, the value of which is increased by the realisation of operational excellence by NA AG.

- ***Contribution towards consolidation in copper processing***

Removal of structural weaknesses in the processing sector by implementing consolidation steps.

- ***Forward integration***

Securing copper sales and strengthening the role as an attractive partner for international mining companies.

As a result of this strategy, NA AG will develop into an internationally operating copper enterprise, whose value will be constantly increased in the interests of its shareholders, employees and the community.

Further targets of NA AG

The basis of NA AG's business success on the raw material and product markets is the close cooperation with suppliers and customers. In doing so, we aim at product and service quality to achieve the highest supplier and customer satisfaction.

The improvement of environmental and climate protection is one of NA AG's priority objectives. We have invested more than € 250 million in environmental protection in Hamburg since 1981 where fugitive emissions have been successfully reduced. This should also happen at the Lünen works by the end of 2009.

The aim is also the economical use of raw materials and energy. Our main energy sources are electricity and natural gas. Since fiscal year 1989/90, we have succeeded in reducing specific energy consumption per tonne of produced copper by almost two thirds.

In addition to the target of increasing shareholder value, NA AG attributes great significance to accepting social responsibility.

Management control system aimed at increasing shareholder value

NA AG's internal management control system focuses on increasing shareholder value. It evaluates the operating business as well as capital expenditure and performance enhancement measures on the basis of their return. For this purpose, earnings before interest and taxes are compared with capital employed:

ROCE (return on capital employed) is the ratio of EBIT to average capital employed. It therefore represents the efficiency with which capital is utilised to generate earnings.

ROCE is one of the most important internal investment appraisal ratios. Its value on the basis of the LIFO valuation increased continuously in recent years and should be maximised by selective measures.

In addition to ROCE, our decision-making processes in the evaluation of investment projects and optimisation measures also takes account of such criteria as capital payback, redemption periods, the impact on earnings during the period and positive effects relating to environmental protection, occupational safety and quality improvement.

In view of the considerable impact of the metal price on the borrowing requirements, the ratio of net financial liabilities to EBITDA is a significant key financial management performance indicator. The level of financial liabilities largely depends on the working capital. Financial liabilities are managed and optimised by controlling and limiting inventories and payment terms.

NA AG adheres to a sound balance sheet structure. The key corporate management ratios are permanently monitored and corrective action taken when deviations are identified. NA AG thus maintains a degree of flexibility with regard to its financing which it can utilise for its strategic development.

BUSINESS DEVELOPMENT AND RESULTS OF OPERATIONS

NA AG's business development in fiscal year 2005/06 was characterised by good general economic conditions. The company performed very well and succeeded in increasing earnings before taxes (EBT) year-on-year.

General and industry-related economic conditions

The global economy achieved about 3.8% growth in 2006 compared with the previous year. This was, above all, attributable to the continued strong economic growth in China as well as the positive economic trend in Euroland. Economic dynamics in the U.S.A. remained high, but lost momentum in the course of the year.

The US currency weakened compared with the Euro. On average, it was quoted at US\$/€ 1.23 in the fiscal year.

The worldwide boom for commodities continued in 2006. The focus was on industrial raw materials, i.e. crude oil and industrial metals. There were extraordinarily price rises to historic highs due to production shortages, too low stocks and strong demand.

Initial assumptions that there might again be significant excess production on the copper market as of the second half of 2005 had to be corrected as time went on. Refined copper production did not achieve the necessary growth to satisfy the high demand, so that there were significant production deficits.

In 2006 global copper demand was driven by the ongoing expansion of the Chinese economy and the positive economic trend in the traditional sales markets. Compared with the previous year it increased substantially and reached a magnitude of 17.7 million tonnes of copper.

In China, cathode imports declined substantially during the fiscal year, which led to assumptions about a decline in demand. This, however, was rather more the result of the widespread reduction of copper stocks along the value added chain. Chinese copper demand will therefore have grown strongly again in 2006. Demand was also at a high level on the traditional copper markets for copper. Copper demand reached peak highs, above all, on the European market and compensated for the more moderate trend in other countries, such as U.S.A.

A further significant factor for the market trend in 2006 was the insufficient copper output. Although mining companies and smelters continued to expand their production capacities, there were delays in the commissioning of new projects and increasingly production stoppages and equipment breakdowns. Strikes, in particular, accounted for loss of production.

Mining output in North America and Asia dropped, in Latin America it increased slightly. Africa's copper mining received new impulses and rose significantly. In total, the mining output worldwide for copper was largely unchanged and thus even remained under the low growth level of 1.6% for 2005.

The trend in the production of refined copper was better, but it also did not meet expectations. Global output increased in the first nine months of 2006

by some 6%. The metallurgical industry expanded, above all, in China and India, while in Chile output was down year-on-year due to plant breakdowns and strikes.

The copper stocks in the warehouses of the international metal exchanges were low during the whole of the fiscal year. Thus, they offered no alternative to relieve the copper cathode market. Cathodes were physically in short supply. Compared with the beginning of the fiscal year, the London Metal Exchange (LME) copper stocks rose by only 38,000 tonnes until the end of September 2006, the COMEX stocks by just over 12,000 tonnes and the SHFE stocks by over 4,000 tonnes. The total copper stocks of all the metal exchanges amounted to 170,000 tonnes at the end of the fiscal year.

The copper price continued its upward trend in the fiscal year. From the initial about US\$ 3,900 per tonne (settlement), the quotations rose despite fluctuations to more than US\$ 5,000 per tonne by March 2006. By mid May the copper price had reached an historic high of US\$ 8,788 per tonne. Doubts about the strength of the global economy then made capital investors temporarily withdraw from the commodity and stock markets, which resulted in a significant price correction. From the summer to the end of the fiscal year, the copper price tended to move sideways and mostly stayed in the narrow range of US\$ 7,400 to 8,000 per tonne. As at NA AG's balance sheet date, copper was quoted at US\$ 7,601 per tonne (settlement), the average value in the fiscal year amounted to US\$ 6,033 per tonne, 78% up on the previous year's figure (US\$ 3,382 per tonne).

In the futures term structure of the copper prices, the cash quotations were higher than the three-month quotations (backwardation) with few exceptions, a combination that reflects poor availability of supplies for prompt delivery. In November 2005 this difference was at times just over US\$ 200 per tonne, at the end of the fiscal year it was strongly fluctuating at mostly less than US\$ 20 per tonne.

Raw material and product markets

The situation on the spot market for copper concentrates was still determined by good supplies and slow demand. Later the gap in the negotiating positions between mines/traders and smelters became increasingly wider as strikes and technical breakdowns significantly reduced the surpluses on the concentrate market. This was reflected inter alia in the discussions about annual agreements held by the buying consortia of Japanese and Chinese smelters with the major concentrate producers.

Treating and refining charges declined in both sectors. The manufacturing industry in Europe also increasingly bought copper scrap on account of the high prices for copper cathodes. A shortage resulted which was not resolved until April/May 2006, when China withdrew from the international market as a buyer. From this time onwards, there was again significantly more material available in Europe and North America, so that refining charges – the fee for processing copper secondary raw materials – rose strongly. Copper smelters and other scrap processors in Europe took advantage of the improvement in availability and refining charges to build up their raw material supplies at very good procurement conditions. China's influence increased once again as of September 2006.

The availability of copper-bearing production residues with comparably low copper contents was good over the whole of the fiscal year – mainly due to the high utilisation of the production capacities in the manufacturing industry. As to electric and electronic scrap, the directives on Waste Electric and Electronic Equipment, which have been law in Germany since 1 April 2006, have resulted in an improved material supply.

In the West European cable industry, the first half of 2006 showed a production increase of 5.4% compared with the prior year, but dynamics weakened in the third quarter of the calendar year. Here, seasonal impacts must, however, be taken into account. West European demand for copper wire rod in the first three quarters of the calendar year was 4% up on the prior year. This development was mainly due to strong demand for standard and special cables. Binding wire was also in demand. The West European output of wire rod rose by 9%, to which the greatest contribution was made by the producers in Germany and Italy. The export business played an important role. Overall, 2006 is also seen as a good year for copper flat products. The largest customer sector, the electro and electronics industries, reported good demand for applications in the automotive, telecommunications and electric/electronic consumer goods sectors. Although it has recently declined slightly compared with the high level at the beginning of the year, it is still at a good level. For copper pipes, signs of a weakening came primarily from North America, since here price-related substitutions were supported by the end of the real estate boom. In Asia the demand for tubes in the first half of 2006 was 7% down on the prior year.

In Western Europe, demand impulses emanated from the more positive trend in the construction industry. In the first half of 2006, demand was 9.8% higher than the low prior year's figures. Increased exports to Eastern Europe contributed to stabilisation.

Review of business at NA AG

Copper Production achieves high output with good raw material availability

The good general conditions on the raw materials markets had a positive impact for copper production. Copper concentrates and recycling materials were available in sufficient quantities at good treatment and refining charges. Even the decline in treatment and refining charges for copper concentrates from February 2006 onwards in the spot business could not change this, because our smelter facilities in Hamburg are kept supplied with copper concentrates primarily on the basis of long-term contracts with a lifetime of several years. About 80 to 90% of the concentrate supplies are secured in this way. The remainder is covered in the spot business.

Secondary raw materials are procured in a mixture of spot and long-term business, whereby the former outweighs the latter. Longer-term procurement contracts for copper scrap generally run for up to a year. In the recycling sector the supply of material improved in the course of the year and refining charges were increased. The utilisation of NA AG's processing capacities was thus assured due to a dependable supply of raw materials.

High plant availability is particularly important for NA AG in combination with a good supply of raw materials. We realise economic advantages as a

result. Improvements to plant technology are usually made while production continues. However, in some cases or in the event of major changes, short production stoppages may be required. This was also necessary in the first quarter of the fiscal year in order that general maintenance and repairs could be performed in the primary smelter (RWO). Despite the production stoppage, the concentrate throughput reached 1.04 million tonnes, but was nevertheless just under the 1.09 million tonnes achieved in the prior year. Consequently the output of sulphuric acid was also lower.

In the recycling sector, we succeeded in increasing the processing of secondary raw materials at the Lünen site – in particular those containing more complex materials with low copper contents. The processing of electric and electronic scrap, a sector that is gaining increasingly in importance, rose 28%. The secondary smelter in Hamburg, which processes intermediates with copper, precious metal and lead contents, was well supplied and utilised at full capacity.

The production of copper cathodes totalling 551,000 tonnes was just under the very high output of the prior year (558,000 tonnes).

The precious metals contained in our raw materials also made a significant contribution to improving revenues and earnings. Due to the good supply situation, we succeeded in increasing production once again in this product sector. While gold output amounted to 35 tonnes, 21% up on the prior year, the production of silver rose to 985 tonnes, year-on-year a 12% increase.

Copper processing benefits from strong growth in demand

In copper processing, business performance reflected the strong growth in demand for copper products. It emanated – driven on by the economic recovery in Europe – from increased production in the energy cable and wire industries as well as in the semis industry. After a good start, the overseas export business stagnated on account of the high metal prices and the connected costs of financing. The low availability of copper cathodes on the market had a positive effect for NA AG: since we have our own cathode production sector, we had a significant advantage in the marketing of our products, since we could position ourselves as a reliable supplier, while competitors could not fulfil their delivery obligations due to lack of cathodes.

The output of wire rod in Hamburg and at our affiliate Deutsche Giessdraht GmbH, Emmerich (60%) reached an all-time high. Production rose 13% to a total of 423,000 tonnes in the fiscal year. The sales increase was attributable to the good economic trend in the energy sector and in the electro and electronics sectors. At the same time, it was possible to improve productivity of the plants in Hamburg and Emmerich even further.

The production of continuous cast shapes in Hamburg also achieved the record output of 266,000 tonnes, 12% up on the previous year. In particular, we enhanced our leading position in Europe for the production of cakes in high-purity copper qualities.

Income statement*(in € million)*

| | 2005/06 | 2004/05 |
|--------------------------------------|------------|------------|
| <i>Revenues</i> | 5,508 | 2,798 |
| <i>Other income</i> | 47 | 52 |
| <i>Cost of materials</i> | (5,205) | (2,507) |
| Gross profit | 350 | 343 |
| <i>Personnel expenses</i> | (150) | (146) |
| <i>Depreciation and amortisation</i> | (33) | (36) |
| <i>Other operating expenses</i> | (62) | (78) |
| <i>Result from investments</i> | 5 | (3) |
| EBIT | 110 | 80 |
| <i>Net interest expense</i> | (4) | (5) |
| Earnings before taxes (EBT) | 106 | 75 |
| <i>Income taxes</i> | (47) | (30) |
| Net income for the year | 59 | 45 |

Results of operations*Development of earnings and main items
in the income statement*

Earnings improved once again in 2005/06 due to the very positive situation on the raw material and product markets and the good operating performance. Earnings before taxes (EBT) increased by € 31 million to € 106 million. Earnings before interest and taxes (EBIT) at € 110 million as well as earnings before interest, taxes, depreciation and amortisation (EBITDA) at € 143 million were also significantly up on the previous year.

A € 7 million increase in gross profit, lower depreciation and amortisation (€ –3 million) and other operating expenses (€ –16 million) had a positive impact on earnings. This was partly compensated by the higher personnel expenses (€ +4 million). In addition to reduced expenditure for external services, the lower other operating expenses resulted from the fact that allocations to provisions in the amount of € 10.3 million, which were included in this item in the prior year, were allocated to the primary expenses in the year under review.

The result from investments improved by € 8 million from € –3 million to € +5 million as no impairment losses had to be recognised on the carrying amounts of the investments.

After taking into account income taxes of € 47 million (€ 30 million in the prior year), net income for the year improved by € 14 million to € 59 million. The calculated tax rate is therefore 45% (40% in the prior year), mainly due to the allocations to provisions for maintenance, major repairs and impending losses, which are not deductible for tax purposes.

The average capital employed in fiscal year 2005/06 amounted to € 525 million (€ 453 million in the prior year). This results in a return on capital employed (ROCE) of 20.9%, compared with 17.6% in the prior year.

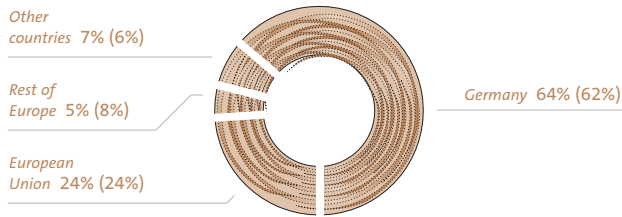
Return on capital employed (ROCE)

in € thousand

| | 01.10.2004 | 30.09.2005 | 01.10.2005 | 30.09.2006 |
|--|----------------|----------------|----------------|----------------|
| <i>Equity</i> | 302,430 | 330,413 | 330,413 | 429,184 |
| <i>Provisions for pensions</i> | 45,897 | 45,114 | 45,114 | 46,391 |
| <i>Financial liabilities</i> | 130,413 | 91,488 | 91,488 | 134,054 |
| <i>Less cash and cash equivalents</i> | (13,810) | (25,094) | (25,094) | (1,278) |
| Capital employed as at balance sheet date | 464,930 | 441,921 | 441,921 | 608,351 |
| Average capital employed | 453,426 | | 525,136 | |
| <i>Earnings before taxes (EBT)</i> | 74,771 | | 106,150 | |
| <i>Net interest expense</i> | 5,227 | | 3,776 | |
| Earnings before interest and taxes (EBIT) | 79,998 | | 109,926 | |
| Return on capital employed (ROCE) | 17.6% | | 20.9% | |

Breakdown of revenues

in % (previous years' figures in brackets)



Development of revenues

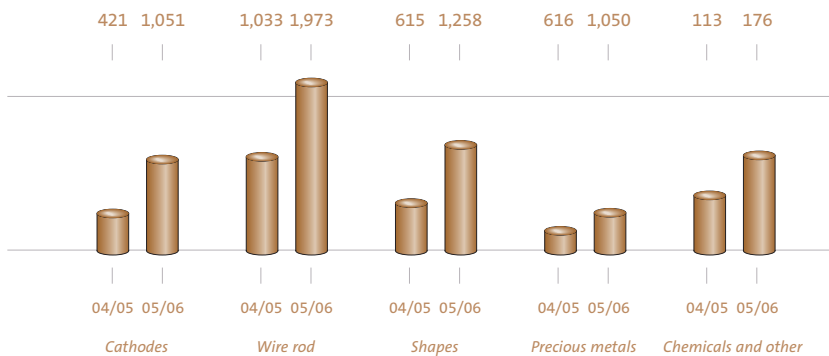
Revenues increased from € 2,798 million in the prior year to € 5,508 million in fiscal year 2005/06, mainly due to the higher metal prices. However, increased unit sales of copper products and precious metals as well as trading activities also made a substantial contribution to the higher revenues.

Most of the revenues were generated with customers in Germany (64%) and the European Union (24%).

Parallel to the rise in revenues, cost of materials also increased from € 2,507 million to € 5,205 million so that, after including other income, a gross profit of € 350 million remained (€ 343 million in the prior year).

Development of revenues by product groups

in € million



Financial position and analysis

Financial liabilities amount to € 134.0 million (€ 91 million in the prior year). These are due as follows:

| | |
|-----------------------------|--------------|
| <i>in less than 1 year</i> | € 66 million |
| <i>in 1 to 5 years</i> | € 55 million |
| <i>in more than 5 years</i> | € 13 million |

After deduction of cash and cash equivalents in the amount of € 1 million (€ 24 million in the prior year), net financial liabilities amount to € 133 million as at 30 September 2006 (€ 66 million in the prior year).

Gearing, or the ratio of net financial liabilities to equity, is an indicator of the structure of the funding. On 30 September 2006, this was at the very satisfactory level of 31%, (20% in the prior year).

The ratio of net financial liabilities to earnings before interest, taxes, depreciation and amortisation (EBITDA) shows the length of time required to redeem the existing financial liabilities from the company's income. With a ratio of 0.9, NA AG is also in a strong position here (0.6 in the prior year).

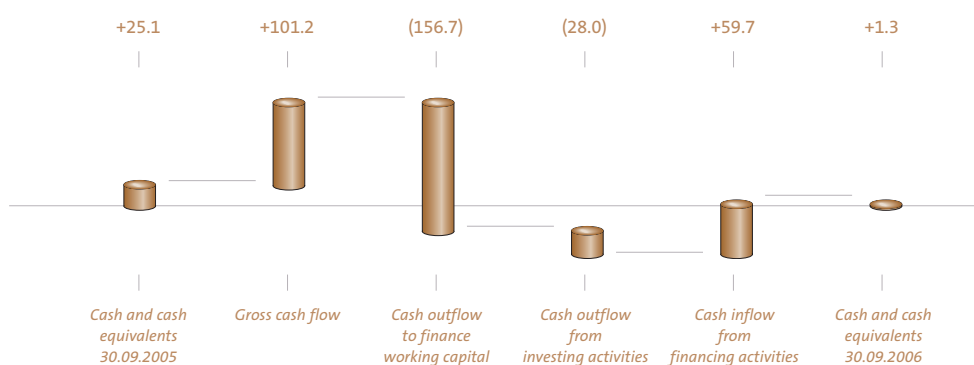
The ratio of EBITDA to net interest expense expresses the number of times net interest expense is covered by earnings before interest, taxes, depreciation and amortisation. At 37.8, a very good factor was achieved for the past fiscal year (22.1 in the prior year).

Liquidity and financial analysis

The cash flow statement shows the financing sources and the utilisation of the funds in the period under review.

Source and application of funds

in € million



Gross cash flow generated by operations in fiscal year 2005/06 amounted to € 101.2 million (€ 96.5 million in the prior year). The increase of € 4.7 million is due in particular to the improved results for the period.

Apart from the increased business volume, the sharp increase in metal prices in particular was responsible for tying up additional funds of € 156.7 million in working capital. Capital expenditure of € 28 million net resulted in a further net cash outflow.

The cash outflow in excess of the gross cash flow from operating activities as well as the dividend payments (€ 37.2 million) and group financing activities (€ 22.8 million) were financed by a capital increase of € 77.2 million carried out on 31 January 2006 and borrowings of € 42.6 million.

As part of the capital increase, which is planned to be used for growth projects, a total of 3,340,919 shares were placed with German and international investors at a price of € 23.10 per share. After deduction of the costs for the capital increase, the proceeds from the issue amounted to € 74.8 million.

A significant off-balance sheet financing instrument is the sale of receivables without recourse as part of factoring agreements. As at 30 September 2006, receivables in the amount of € 10.2 million had been sold (€ 24.9 million in the prior year). These receivables were due in up to 90 days.

An adequate liquidity reserve is ensured by unused portions of approved credit lines. In addition, apart from bilateral bank loans, the selective sale of receivables without recourse as part of factoring agreements is used as a financial instrument.

NET ASSETS

Analysis of net assets structure

Total assets increased year-on-year by € 360.1 million to € 1,191.1 million. This is due in particular to the further sharp increase in metal prices and the higher volume of business, as a consequence of which inventories rose by € 91.7 million and trade accounts receivable by € 290.5 million. In addition, receivables from affiliated companies also increased by € 21 million.

Fixed assets declined slightly from € 264.4 million in the prior year to € 257.8 million as at 30 September 2006. They therefore accounted for 22% of total assets (32% in the prior year).

Equity increased by € 98.8 million to € 429.2 million due to the improved net income for the year and the increase in capital.

Provisions for pensions increased slightly by € 1.3 million to € 46.4 million on account of higher pension obligations. The € 12.5 million increase in other provisions to € 109.0 million was mainly related to allocations to provisions for impending losses.

Bank loans and overdrafts increased by € 42.6 million to € 134.1 million, largely due to the financing of the higher working capital.

Trade accounts payable went up by € 162.0 million to € 366.0 million. As already explained, this was affected by the increased metal price and the higher volume of business.

Other liabilities rose from € 58.8 million to € 104.0 million, in particular due to a € 50.7 million increase in liabilities for import turnover tax and income taxes.

Off-balance sheet assets

The off-balance sheet assets comprise items of fixed assets, such as forklift trucks, IT equipment and various construction machines, which are being leased. The related leasing expenditure amounted to € 3.2 million.

Capital expenditure analysis

In fiscal year 2005/06 we invested in general plant maintenance and expansion as well as in rationalisation steps and environmental protection.

In Hamburg, capital expenditure focused on the gradual expansion of the concentrate processing capacity of our primary smelter. In the first expansion stage, the capacity in the primary smelter will be increased 5% by 2008 and further improvements made to environmental protection at the same time. Capital expenditure of some € 17 million has been planned for this. Further stages to achieve a concentrate throughput of 1.5 million tonnes p.a. are being planned. The whole project should be completed by 2010.

Balance sheet structure of NA AG

in %

| | 2005/06 | 2004/05 |
|----------------------------------|---------|---------|
| <i>Non-current assets</i> | 22 | 32 |
| <i>Inventories</i> | 34 | 37 |
| <i>Receivables, etc.</i> | 44 | 28 |
| <i>Cash and cash equivalents</i> | 0 | 3 |
| | 100 | 100 |
| <i>Equity</i> | 36 | 40 |
| <i>Provisions</i> | 13 | 17 |
| <i>Liabilities, etc.</i> | 51 | 43 |
| | 100 | 100 |

Additional investment projects are being carried out in the primary smelter to ensure NA AG's competitiveness. One of the main fields of activity is in the complex metallurgy sector, in which, as a result of our capital expenditure, we are able to process increasingly complex raw materials, such as copper concentrates with special impurities and electronic scrap. The by-metals can be extracted more individually during this process and marketed as products. These measures should be completed by the beginning of 2007.

We commissioned a new material preparation plant at the Lünen recycling centre at the beginning of this year, which enables us to process a variety of materials that have not been pre-treated at all or only to a limited extent. This extends the range of recycling raw materials that we can treat.

We have started constructing a highly specialised sampling facility in Lünen to accommodate the increasing quantities of precious metal-bearing raw materials, in particular from the electrical and electronic scrap sectors. The plant will be commissioned in spring 2007. In addition, we are also expanding the sampling and processing capacities in Hamburg. In total, capital expenditure on the expansion of electrical and electronic scrap processing facilities amounts to € 9.7 million.

In copper processing, we modernised the oxygen enrichment of the combustion air and the off-gas systems in the continuous casting plants at the beginning of the fiscal year as part of a replacement project. This will enable us to enhance performance and reduce costs further in future. The changeover to a new, very efficient process control system in the Hamburg continuous casting and rod plants will, as scheduled, be largely completed by summer 2007.

NA AG's Supervisory Board and Executive Board passed a resolution mid September 2006 on the first important construction measures to realise the SF power plant at the site of our subsidiary Peute Baustoff GmbH (PBG), in the immediate vicinity of the North Elbe River. PBG's operations will now be relocated to a site in the southern part of the works.

Summary of economic situation

In line with the copper market, our raw material and product markets showed positive trends in fiscal year 2005/06 so that we could achieve significant improvements in earnings in the fiscal year as well as strengthen and even in some instances enhance our market position.

Copper raw materials were sufficient and available at good conditions. The concentrate throughput in our smelter operations was, however, slightly less than the throughput in the prior year on account of scheduled plant maintenance. As a result, the cathode output was also slightly down. In the recycling sector we succeeded in increasing the processing quantities by almost 10%. Demand was high for copper wire rod and shapes, so that we could achieve higher production outputs for both sectors.

SUBSEQUENT EVENTS

Events of particular significance after the end of the fiscal year

As an energy-intensive copper producer, NA AG is dependent on the trend in energy prices. The measures taken by us in the last few years to reduce specific energy consumption were successful, but the production processes are still as energy-intensive as before. We have still not succeeded in finding a political ruling on the comprehensible and acceptable fixing of energy prices. Since our former electricity supply agreement expired as at 31 December 2006, we were forced to conclude a new electricity agreement in November 2006 for the calendar year 2007 at significantly more unfavourable conditions.

Impacts on results of operations, financial position and net assets

The new electricity agreement results in € 16 million in additional costs per annum for NA AG. We are examining and realising measures to compensate for this and possible other electricity price increases in the coming years, which include the metallurgical alternatives, process-technological changes through

to the closure of production sectors. Above all, we together with the Stadtreinigung Hamburg are planning a power plant on the basis of substitute fuel.

The impact on the results of operations, financial position and net assets in fiscal year 2006/07 will be balanced by the measures taken and the positive effects of the market. The future energy price trend and possible regulative impacts imposed by the authorities will be decisive for our energy costs for the years until our power plant is commissioned.

RESEARCH AND DEVELOPMENT

NA AG's very strong technological position in the metal production, recycling and processing sectors is the result to a great extent of many years of R&D activities, which have made a great contribution to improving NA's processes and products. In doing so, we pursue the targets of increasing productivity, improving quality and further improvements in compatibility with the environment as well as the conservation of resources. In addition, we wish to open up a future market for NA AG as a result of the development of the cost-effective and high-performing CIS solar cells. NA AG has 22 employees in its R&D Sector.

R&D expenditure and capital investment

Expenditure for R&D at NA AG was mainly used for process optimisation projects. About € 1 million (= NA's share of 50%) was spent on the CIS solar cell project in order to buy the first machines for the pilot plant.

NA AG did not buy any external R&D know-how in fiscal year 2005/06.

R&D results

In copper production the focus was on projects to realise the future expansion of the concentrate processing capacity in Hamburg. We worked inter alia on improving the cleaning of process gases with weak sulphur dioxide contents and on the optimisation of slag preparation.

We have also concerned ourselves intensively with the behaviour of copper's by-elements, such as tin, zinc and nickel, in the recycling process. In collaboration with RWTH Aachen and TU Freiberg, we worked on the optimisation of our Kayser Recycling System (KRS), the central recycling facility at the Lünen site.

CENTRAL SERVICES

Our Central Services sector supports the operational Segments with its services. In addition, it helps to identify and tap optimisation potential.

The increased demand for auxiliary materials and supplies as well as processing plants throughout Germany puts particularly high demands on our material procurement.

In addition, there was particular focus on energy procurement and management. Since there was as good as no room for negotiation in electricity and gas prices on account of the specific anticompetitive market structures in Germany, we shifted our emphasis to achieving an improvement in basic conditions.

With the aim of keeping energy costs as low as possible until the completion of the planned power plant, we have pressed on with programmes to increase energy efficiency and reduce consumption further. The new components of the integrated energy concept have been in operation since mid March 2006, which has led to a further reduction in electricity and gas consumption. A component for the active participation in so-called minute reserve energy trading was integrated in NA's new energy control system.

We restructured the maintenance sector in the fiscal year to assist us in realising the target of reducing costs extensively, while at the same time increasing plant availability.

The concentrate logistics has been restructured by a logistically optimised coordination of the individual process steps. The complexity was considerably reduced by having a service provider take over all the administration side. We will be able to realise significant cost advantages as of 1 January 2007 thanks to the relocation of the concentrate handling to Brunsbüttel and the direct access to a new storage hall. The advantages are not only the direct reduction of transport fees, but also concentrate storage according to type and the production of homogeneous blends on site which will contribute to improving results in the smelting operations in Hamburg. In addition, there are now capacity reserves for the planned expansion of the concentrate processing facilities.

A service provider has also been found for sulphuric acid logistics, which can support the planned production expansion with modern equipment since it has its own shipping capacities, without which additional fixed-step costs would be incurred.

HUMAN RESOURCES

Personnel structure

As at 30 September 2006 there were 2,451 employees at NA AG (2,424 in the prior year), of which 2,005 (1,976 in the prior year) were employed in Hamburg and 446 (448 in the prior year) in Lünen. In total, there were 186 apprentices at NA AG, corresponding to 8.2% of the workforce group-wide.

As part of the integration process, the collective wage agreement for staff at the Lünen works was changed from that of the metal-workers union to the chemical workers union, backdated to 1 January 2006. Thus, the same collective agreement applies at both NA AG sites.

Qualifications as a competitive advantage

We are convinced that German industrial enterprises can only succeed in international competition if they have motivated and highly qualified young employees. We therefore support our personnel with inter alia modern further education and vocational training.

As in the past, we again offered training in 16 different trades and professions in the new apprenticeship year. In August 2006 we could welcome 51 new apprentices at NA AG.

Employees from all sectors participated in training courses during fiscal year 2005/06. Senior positions are filled first and foremost with employees from within our own ranks at NA AG.

We have taken new routes in our work with schools. In 2004 we concluded a Cooperation Agreement with the Slomanstieg School, which is located in Veddel, a neighbouring Hamburg district, and has a high percentage of children from migrant families. With great success, we are introducing the pupils from the 8th class to the working world at NA AG one day a week and training them in the company's workshops.

NA AG arranged a Technical University Day for the first time on 30 May 2006 to which pupils from 160 high schools from in and around Hamburg were invited. Apart from NA AG, the five partner universities from Aachen, Clausthal, Freiberg, Hamburg-Harburg and Leoben provided information on engineering degree courses.

In the fiscal year we started a personnel development programme for part of our senior staff which is supported by an external consultancy firm. All members of senior staff are being given the opportunity of being professionally trained in accordance with a management audit.

The company suggestion scheme results in significant savings

Our employees' suggestions for improvements make a significant contribution to enhancing productivity and cost-effectiveness. The company suggestion scheme has therefore been extended further.

Employees' profit-sharing

The performance and success-oriented remuneration is an elementary part of the payroll system at NA AG. The performance of the individual is therefore connected with the performance of the team, department or production sector.

The employee's performance (individual performance) and team performance (collective performance) complement each other and contribute substantially to the company's performance, the third component. These three components form the basis of our remuneration system.

Incentive programme for senior staff

In December 2004 the Supervisory Board approved a new incentive plan in the form of a virtual stock option plan as part of capital market-oriented remuneration. The third tranche was issued in April 2006. This plan, which includes senior staff and employees paid above the tariff wage-scale, offers a remuneration component which can result in participation in the company's success if NA shares perform well and previously set benchmarks are fulfilled. The condition for participation is that the respective member of senior staff owns a fixed number of NA shares, depending on the level.

Employee share ownership – profit-sharing for employees

The other employees were given the opportunity of buying NA shares at a discount. The offer was well received.

Early retirement scheme used to reduce personnel

On average, 102 employees of NA AG in Hamburg participated in the early retirement scheme. The block model was primarily used whereby the employee has an active phase of full-time working and a passive phase of equal duration without employment. On average 53 employees were in the active phase and 49 in the passive phase.

Occupational safety still at a very high level

The already very low accident frequency level at NA AG in Hamburg could again be slightly improved in the last fiscal year. With 6.0 notifiable accidents per one million hours worked, it was substantially under the average of the Employers' Liability Insurance Association of the chemical industry. NA AG was awarded second prize in a competition run by the Association of the Chemical Industry on the topic »Responsible Care: the tasks of Occupational Safety«. We owe this success to the constant improvements in occupational safety and also in health protection.

In the Lünen works the measures introduced are taking effect. Accident frequency has dropped significantly compared with the prior fiscal year and amounted to 10.6 notifiable accidents per one million hours worked.

Thanks from the Executive Board

The last fiscal year was extraordinarily successful. Our employees' great commitment and hard work played a decisive role in this, for which we would like to express our gratitude. Our thanks also go to the employees' representatives for the continued very constructive and trusting support.

RISK REPORT

Risk and opportunity management system

NA AG's business activities involve both current and future risks and opportunities, which are identified, evaluated and actively monitored as part of a systematic, continuous risk policy. In doing so, NA AG focuses on the central themes of raw material supplies, production, sales and energy supplies, depending on the magnitude of the potential risk and the probability of its occurrence.

The continual monitoring of relevant developments at NA AG and in its environment is the prerequisite for the early detection of risks and opportunities. Their evaluation and the prompt implementation of the necessary countermeasures ultimately lead to the best possible control of risks and the optimal utilisation of opportunities. Risk management is a company management task under the direct authority of the Chief Financial Officer.

NA AG's risk management system covers all group sectors. The action taken is based on risk-related principles laid down by the management. Independent targets and risks are identified in each sector and the specific monitoring and control instruments defined. Depending on the type of risk, we use inter alia SAP-based instruments for early detection. Identified risks are classed according to their significance as risks in core processes, such as procurement, production and sales, as well as risks in support processes.

Risk management is active on different levels. Apart from the to some degree EDP-supported monitoring of potential risks at a departmental level, the development of risk-relevant topics is reported in regular

executive meetings and necessary measures taken at once. New risks are identified as well by direct contact between the departments and the risk management as well as by support from internal audits. The whole risk management system has been documented in a form that can be audited and is reviewed annually in an audit during which newly identified risks are included.

The risk management system in relation to financial instruments

Financial risks

Inadequate availability of cash or cash equivalents is considered the main risk. NA AG's supply of liquidity is ensured by strong cash flow generation as well as existing short-term and long-term credit lines at the banks. Risks from changes in interest rates mainly concern only the short-term sector.

Additional liquid funds can be generated, if required, as part of a capital increase. NA AG has only taken advantage of this possibility once since the IPO in 1998, i.e. in January 2006. Bonds have as yet not been publicly placed.

We limit strains on liquidity arising from possible bad debts by hedging amounts outstanding. In addition to letters of credit and guarantees, trade credit insurance is used in particular to cover risks.

The trend in liquidity and receivables is examined in a weekly executive meeting attended by the Executive Board.

The existing instruments ensure NA AG's liquidity at all times and are appropriate to meet additional future demands on liquidity within the framework of an expansive business policy.

The financial instruments used to control risks refer in particular to the hedging of foreign exchange and metal price exposures.

NA AG continuously counters risks from metal price fluctuations, foreign exchange and interest rate changes by hedging with various financial instruments. Incoming and outgoing metal quantities from underlying transactions are charged up against each other each day and remaining open positions likewise squared each day by exchange transactions. Spot and forward contracts are used to hedge metal and foreign currency exposures.

This hedging of metal prices almost fully neutralises the impacts of metal price fluctuations. The risk of price changes for the electricity supply is hedged by forward contracts in particular cases. Anticipated hedging is only performed to a limited extent.

Future income in foreign currencies is mainly hedged by futures and options. The relationship of the Euro to the U.S. dollar is of particular importance to NA AG in its exchange hedging strategy. Shifts in exchange rates can, however, only be hedged for a limited period.

An autonomous executive committee, on which the Executive Board is represented, examines trends on the metal and foreign currency markets as well as NA AG's price position. Consequently, any necessary steps can be taken promptly. Possible initial margin calls due to exchange transactions are accounted for. Open nominal volumes of our derivative financial contracts and the fair value of all open contracts are separately listed in the notes to the financial statements under Section 10.

There are no identifiable significant risks in the metal trading sector or in the foreign exchange positions at present.

Main individual risks

Risks in the business environment and industry

– *Supply of raw materials*

A possible shortage in supplies of suitable raw materials for the production plants is classified as a central risk. About 60% of the raw materials needed for copper production are procured in the form of copper concentrates. The remaining 40% are fed into the process in the form of a variety of recycling raw materials.

NA AG counters the risk of shortages in supplies of copper concentrates by means of long-term supply agreements, which cover 80 to 90% of the volume required. These are concluded with a number of different mines in a variety of countries and continents. In this way, we reduce the dependence on individual suppliers and avoid production stoppages in the event that a particular mine should fail to deliver. Treatment and refining charges are also agreed over several years so that short-term price surcharges on the concentrate market only have a limited impact on earnings. The remaining quantities are procured from the spot market, which gives us the opportunity to utilise favourable market trends at short notice.

NA AG procures other raw materials – such as copper scrap and other recycling materials – on the international secondary markets. We have steadily reduced our dependence on the volatile copper scrap market by expanding our processing

possibilities and increasing the input of complex recycling materials.

Our supply of cathodes is largely covered by our own output in the Hamburg and Lünen tank-houses. In addition, cathodes are bought on the basis of annual agreements. Our integrated copper production ensures that the capacities in the copper production facilities are fully utilised and that we remain a reliable supplier of copper products for our customers.

– *Product sales*

A possible drop in unit sales and processing margins as a result of economic impacts or lost market shares poses a significant risk. Additionally, the possible non-fulfilment of delivery obligations due to supply shortages also represents a risk.

The marketing of our products is based on long-term customer relations. By working together closely with our customers, we identify trends on the sales markets and future requirements for our products in good time and include them in our planning.

In the course of the fiscal year, demand for refined copper and copper products increased significantly. This market situation resulted in considerable difficulties at other competitors as regards fulfilling delivery obligations. NA AG was able to meet all its delivery obligations thanks to its own cathode production output and existing cathode procurement agreements and only had to buy small amounts of cathodes on the spot market.

– Energy markets

Above all, a supply of electricity at uneconomical prices is a central risk in the realisation of long-term successful production operations. The substantial increase in the cost of electricity in Germany results in higher production costs and weighs on the group's competitiveness.

NA AG cannot escape the developments on the energy markets. As the most important measure to counter these developments, we are currently projecting a substitute fuel power plant to generate our own electricity supply that should be commissioned in 2009 and should secure the full and cost-effective supply of electricity at our main production site in Hamburg. This will mitigate the considerable burden of high electricity prices and also the risk of insufficient availability of electricity in the long term. In addition, we are working on further measures to increase energy efficiency, for example, the utilisation of surplus energy from our production processes.

Performance-related risks

Production

Risks exist in the form of production stoppages and poor utilisation of capacities, which lead to a decline in the economic efficiency of the plants.

The primary corporate target is the securing of high plant availability in the long term. The successful realisation of this target, while at the same time improving plant efficiency, is the result of the good interplay between NA AG's production sectors and service sectors. Great importance is attributed to both a high standard of maintenance and the fast and professional implementation of repair measures in the event of damage. Our employees' high

qualifications and motivation have also made a significant contribution to achieving this goal.

Extensive plans for the use of alarm systems and for averting dangers are available to prevent possible breakdowns in the production processes. Employees are trained in mock emergency drills and test alarms. Comprehensive fire insurance and cover for business interruption and loss of profits resulting from fire for all of the important production plants limit potential contingency risks.

Environmental protection

The central risk is to be found in equipment breakdowns impacting the environment. The precondition for an integrated copper production in Europe and, in particular in Germany, is that the production technology is environmentally safe and adheres to the relevant laws, requirements and directives. NA AG's plants fulfil these requirements absolutely and are of a leading standard in environmental protection worldwide. Further advancements are continuously achieved by targeted investment and constant process optimisation and ensure that the group's industrial location is secured in the long term.

Other risks

Personnel risks

Risks in the personnel sector exist in the impairment of employees' health and adverse impacts on production by a lack of training and motivation. Great importance is attributed to occupational safety and health protection at NA AG and a high standard is continuously maintained as the result of the intensive supervision provided by the internal Departments for Occupational Safety and Health Protection.

We give the employees extensive training at seminars and in-house courses to qualify them to meet requirements.

Employee motivation is promoted, above all, by an incentive-oriented company suggestion scheme and performance-related reimbursement schemes.

Information technology risks

System breakdowns and unsatisfactory data security are IT risks which can result in a hindrance to the commercial and technical processes.

In the IT sector, NA AG is covered for possible breakdowns in its operating systems by suitable precautions taken by the data processing centre. The software is continually adapted, as required, to fulfil business and legal demands.

Assessment of the group's risk situation by the management

The assessment of current and future risk-relevant factors has shown that there are no risks posing a threat to NA AG's continued existence. Major risk exposure is identified and managed as far as possible by corresponding countermeasures. A current example of this is how NA AG is distancing itself from the energy price trend in Germany by erecting the substitute fuel power plant. Our raw material procurement policy is based on long-term and diversified supply sources. Dependence on individual suppliers and customers is avoided. The successful concept of an integrated copper producer has made NA AG more crisis-proof in changing market situations.

NA AG is also well positioned in the financial sector. The solid balance sheet structure with high equity ratio safeguards the group from possible economic burdens. The generation of a high cash flow and the various possibilities of obtaining further liquid funds assure the continuity of ordinary business operations and enable capital expenditure on both internal and external growth. Overall, we are of the opinion that in our existing risk and opportunity management system we have an appropriate system to manage this subject area. There are no significant changes to report compared with the prior fiscal year.

The Audit Committee formed from NA AG's Supervisory Board has also concerned itself intensively with matters of risk management in accordance with Section 5.3.2 of the German Corporate Governance Code.

The auditors have assessed the risk management system to ensure it adheres to statutory directives. Both the Audit Committee and the auditors have ascertained that the Executive Board has taken the measures required under Section 91 para. 2 Companies Act in an appropriate manner and that the management system fulfils the prerequisites for this.

FORECAST

Future orientation

NA AG will continue to concentrate on its core business of copper production and copper processing, also in the coming years. We are thus relying on our strengths that lie in the integrated production of copper, the strong focus on our raw material suppliers and customers, technical know how, environmentally friendly production as well as our highly qualified and motivated employees. We will continue to examine options for external international growth and work intensely on increasing productivity as well as cost optimisation.

Copper production: further enhancement of our competitive position

In copper production, it is our target to develop the Hamburg and Lünen sites further by expanding and optimising the concentrate processing and recycling activities with the aim of consolidating and enhancing our position in international competition.

We will continue our long-term expansion policy in concentrate processing. The Future RWO project – the cost-effective expansion of the existing primary smelter – targets a medium-term increase in throughput by a further roughly 35% to 1.5 million tonnes p.a. This will be performed in several stages until the year 2010. This process causes the least loss of production and earnings, enables the project to be optimised continually and minimises the overall capital expenditure requirement. The first part should be realised at the beginning of 2008.

Recycling: diversification of input materials

Today, recycling is an integral part of sustainable development and is used as a tool for environmental protection and to secure raw material supplies. Recycling materials are increasingly complex composite materials with significant high-grade metal contents. They are part of the new structures in the closed loop economy. The supply of these »modern« recycling materials in Europe is increasing rapidly. Innovative, high-performing processing technology, like the facilities at NA AG, is required to recycle them. Regardless of price-related market fluctuations, we are adhering to our successful strategy of a wide diversification of the recycling materials used, which include both industrial residues as well as those from the waste disposal business and the end-of-life sector.

Copper Processing: customer orientation, product quality and service

Copper processing continues to focus on customer orientation, top product quality as well as reliability and continuous service. We wish to gain further customers with this strategy and enhance the close partnerships with our current customer base in the coming years. Particularly with volatile copper markets, it is of great importance that we are able to advise our customers on commercial aspects. Our internet portal Copper-Online provides an instrument to enable them to safeguard themselves against copper price fluctuations by hedging. We are convinced that this business policy of strong customer focus will lead to significantly improved sales in all the markets, to which we have access.

Global economic growth expected to decline slightly

While the IMF has forecast a decline in growth for the industrial nations from 3% to 2.7% for 2007, it expects an almost unchanged growth rate of 10% for China's economy. The global economy will lose considerable impetus and strength due, in particular, to the probable weakening of the U.S. economy. Thus, according to the IMF, growth in global trade is expected to decline from 8.9% to a total of 7.6% for 2007.

The forecasts on economic development in Germany are impacted by uncertainties. These are also reflected in the expectations of the various economic research institutes which differ significantly as regards the strength and duration of the current upswing. Apart from the unforeseeable trend in the price of crude oil, one of the main factors for this is the increase in German VAT as of 1 January 2007, which should have a deflating impact on consumption in Germany.

It is not possible at present to assess to what extent consumers have brought forward their purchases to 2006. In addition, it is still unclear whether the long-standing trend of declining activity in the construction industry has only been interrupted temporarily or whether a turnaround actually took place in 2006. The German economic research institutes have agreed on a middling scenario with economic growth at 1.4% on account of the obvious uncertainty in forecasts with the main driving force in 2007 coming from expenditure on equipment and machinery.

Future overall economic picture

At the beginning of the new fiscal year the copper price dropped slightly to just under US\$ 7,000 per tonne (settlement). The price initially proved to be on a firm footing at this level. In December 2006, the copper quotations dropped further and reached a level under US\$ 6,500 per tonne. Before the Christmas break, the special impact of year-end dispositions of market participants with low trading volumes took effect.

At the beginning of January 2007, the copper prices were under pressure due to extensive sales, above all, by institutional investors and within a few days declined to under US\$ 6,000 per tonne.

A quick end to the structural copper shortage is nevertheless not in sight so that we are not expecting a return to the price lows of past years in the near future. Although the high copper price level creates ambitious production targets and promotes expenditure on capacity expansions, there are still production risks, above all due to strikes and technical problems. The collective bargaining in the global copper industry in 2007 will not have the dimensions of the year 2006, and thus the potential production losses resulting from labour disputes should be less than in the previous year. For 2007, the independent International Copper Study Group expects an increase in global mining production of almost 7%. As to the production of refined copper, it reckons with a rise of almost 4%.

In the U.S.A., one of the traditional main markets for copper, the downturn on the real estate market has given rise to many imponderable questions. It is thought possible that the U.S. economy could cool

down with corresponding consequences for copper demand there. The threshold countries, however, form antipoles. Although China caused a stir in 2006 by reducing its cathode imports substantially, which was seen in some quarters as an indication of declining copper demand, it is meanwhile generally agreed that this was attributable above all to the extensive reduction of off-exchange inventories. It can be expected that Chinese copper imports will increase again more strongly after the end of this development in line with the continued good economic trend and China's copper demand will increase again on the global market. The prospects for copper demand in Europe are also very positive in view of the good economic trend. Overall it is thought possible that global copper demand will rise by 4% in 2007.

The still low level of stocks in the warehouses of the metal exchanges and along the value added chain will also continue to give the copper market strong support. Whether the latest increase in inventories at the LME, particularly in the U.S. warehouses, reflects a weaker copper demand or only the shifting of quantities and is temporary, is not yet certain. The beginning of a possible reversal of the economic trend must therefore still be confirmed. The revival of China's demand could, however, quickly put an end to the build-up of stocks.

The disequilibria in the global copper balance will also continue in 2007 and 2008. Excess production must be expected, which will, however, be comparably small and thus should offer the copper price a good fundamental basis.

The activities of funds and other capital investors on the copper market will still count among the factors that determine the price performance. The uncertainties they create still continue and therefore make a forecast difficult.

Future expected results of operations

In assessing the results of operations in the next two year, we are assuming demand for copper products will rise due to the continued good economic trend worldwide. Treatment and refining charges for concentrates will stay roughly at the current level. For copper scrap we expect international competition to increase again and a more changeable business development than in the prior year. In assessing the exchange rate, we are assuming that the US\$: € ratio will remain at the same level as that at the end of the last fiscal year. The metal prices and thus also our expected revenues will remain at a high level, depending on demand.

The gross profit, which is important for us, will continually grow in the coming years on account of the planned higher throughput. The expected cost increases, above all from the still rising energy prices, will be compensated on average by rationalisation and performance enhancement. On balance we forecast slightly rising profits.

The announced reduction of corporation tax in Germany will result in a decrease in the tax rate at NA AG. Earnings per share will therefore rise.

Future expected financial position

The planned internationalisation as well as the capacity expansions in copper production and the power plant, which is planned jointly with Stadtreinigung Hamburg (Hamburg waste management), require higher capital investment in the coming fiscal years. As already explained, we carried out a capital increase in fiscal year 2005/06 to finance this.

The net working capital will only change to the extent of the business expansion. Thus, the cash inflow from operating activities will rise significantly in the coming years. These funds will be used for the financing of investments. Acquisitions to promote internationalisation, which represent a central part of the NA strategy, must first of all become concrete before they can be considered in a forecast. Of course, there is sufficient financing potential available in order to finance acquisitions which are part of strategic development.

Opportunities

The general economic conditions, in particular for copper producers but also for fabricators of downstream copper products, are assessed positively due to the rising global demand for copper. The fragmented copper industry in Europe will be consolidated in the coming years.

NA AG will play an active role in this development and enhance its position in Europe. Our supplies for the processing sector are assured thanks to our own cathode production – a significant success factor. The necessary financial strength is available thanks to NA AG's sound structure.

Outside of Europe, we are striving to position ourselves in the strongly growing copper markets. In doing so, we can use our experience in operating one of the most high-performing smelters worldwide.

In future, permanent measures to reduce costs and enhance performance will still be a central part of NA AG's strategic orientation. The gradual increase in concentrate throughput, measures taken for the processing of complex raw materials, the reduction of energy consumption including our own electricity supply, capacity expansions in the production of wire rod and shapes as well as product optimisation at the subsidiaries offer further earnings potential, particularly with positive market conditions.

Statement on the anticipated development

The consolidation of the mining companies, rising energy prices and an unfavourable ratio of the U.S. dollar to the euro are negative factors, quite apart from the potential risk of a declining economic trend in China. On the other hand the current signs indicate rather more towards a continued strong demand for copper products and a good supply of copper concentrates. Whether the rise in copper stocks at the metal exchanges and the declining copper prices at the beginning of 2007 will be sustained, is still to be seen. Our internal measures to reduce energy costs and enhance performance compensate for rising cost.

Against the background of the very successful fiscal year 2005/06, we expect good results and a high cash flow for this fiscal year.

Income statement

for the period 1 October to 30 September (HGB)

in € thousand

| | Notes | 2005/06 | 2004/05 |
|---|-------|------------------|------------------|
| Revenues | 11 | 5,507,763 | 2,798,199 |
| <i>Changes in inventories of finished goods and work in process</i> | | 24,836 | 23,463 |
| <i>Own work capitalised</i> | | 2,806 | 2,973 |
| <i>Other operating income</i> | 12 | 19,509 | 25,896 |
| <i>Cost of materials</i> | 13 | (5,204,858) | (2,507,594) |
| Gross profit | | 350,056 | 342,937 |
| <i>Personnel expenses</i> | 14 | (150,000) | (146,100) |
| <i>Depreciation and amortisation</i> | 15 | (32,641) | (35,549) |
| <i>Other operating expenses</i> | 16 | (62,150) | (78,114) |
| <i>Result from investments</i> | 17 | 4,661 | (3,176) |
| <i>Net interest expense</i> | 18 | (3,776) | (5,227) |
| Earnings before taxes | | 106,150 | 74,771 |
| <i>Income taxes</i> | 19 | (47,400) | (29,724) |
| Net income for the year | | 58,750 | 45,047 |
| <i>Net income brought forward from the previous year</i> | | 0 | 10,779 |
| <i>Allocations to revenue reserves</i> | | (19,738) | (18,672) |
| Unappropriated earnings | | 39,012 | 37,154 |

Balance sheet

as at 30 September (HGB)

in € thousand

| | Notes | 30.09.2006 | 30.09.2005 |
|---|-------|------------------|----------------|
| Assets | | | |
| <i>Intangible assets</i> | | 7,444 | 9,403 |
| <i>Property, plant and equipment</i> | | 180,952 | 183,913 |
| <i>Interests in affiliated companies</i> | | 67,396 | 69,197 |
| <i>Loans to affiliated companies</i> | | 465 | 465 |
| <i>Investments</i> | | 1,291 | 1,143 |
| <i>Other loans</i> | | 255 | 300 |
| <i>Financial assets</i> | | 69,407 | 71,105 |
| Fixed assets | 1 | 257,803 | 264,421 |
| <i>Inventories</i> | 2 | 402,755 | 311,041 |
| <i>Trade accounts receivable</i> | | 450,158 | 159,691 |
| <i>Receivables from affiliated companies</i> | | 62,692 | 41,693 |
| <i>Receivables from enterprises in which investments are held</i> | | 10,709 | 10,309 |
| <i>Other assets</i> | | 5,542 | 18,423 |
| <i>Receivables and other assets</i> | 3 | 529,101 | 230,116 |
| <i>Short-term security investments</i> | 4 | 200 | 200 |
| <i>Cash and cash equivalents</i> | 5 | 1,278 | 25,094 |
| Current assets | | 933,334 | 566,451 |
| Prepaid expenses | | 11 | 220 |
| Total assets | | 1,191,148 | 831,092 |

| | Notes | 30.09.2006 | 30.09.2005 |
|--|-------|------------------|----------------|
| Equity and liabilities | | | |
| <i>Subscribed capital</i> | | 95,115 | 86,562 |
| <i>Conditional capital € 41,500 thousand</i> | | | |
| <i>Additional paid-in capital</i> | | 101,326 | 32,704 |
| <i>Revenue reserves</i> | | 193,731 | 173,993 |
| <i>Unappropriated earnings</i> | | 39,012 | 37,154 |
| Equity | 6 | 429,184 | 330,413 |
| <i>Provisions for pensions</i> | | 46,391 | 45,114 |
| <i>Other provisions</i> | | 108,975 | 96,498 |
| Provisions | 7 | 155,366 | 141,612 |
| <i>Bank loans and overdrafts</i> | | 134,054 | 91,488 |
| <i>Trade accounts payable</i> | | 366,013 | 204,051 |
| <i>Payables to affiliated companies</i> | | 2,525 | 4,739 |
| <i>Sundry liabilities</i> | | 104,006 | 58,788 |
| Liabilities | 8 | 606,598 | 359,066 |
| Deferred income | | 0 | 1 |
| Total equity and liabilities | | 1,191,148 | 831,092 |

Changes in fixed assets

as at 30 September 2006

in € thousand

| | Acquisition or construction cost 01.10.2005 | Additions | Disposals | Transfers |
|---|---|---------------|---------------|-----------|
| I. Intangible assets | | | | |
| 1. Licenses, industrial property rights and similar rights and assets, and licenses to such rights and assets | 21,496 | 237 | 1,761 | 0 |
| 2. Goodwill | 7,172 | 0 | 0 | 0 |
| 3. Payments on account | 1 | 0 | 0 | 0 |
| | 28,669 | 237 | 1,761 | 0 |
| II. Property, plant and equipment | | | | |
| 1. Land and buildings | 293,502 | 932 | 546 | 502 |
| 2. Technical equipment and machinery | 675,563 | 9,813 | 3,236 | 3,875 |
| 3. Other equipment, factory and office equipment | 49,720 | 3,687 | 3,649 | 33 |
| 4. Payments on account and assets under construction | 5,219 | 14,050 | 1 | (4,410) |
| | 1,024,004 | 28,482 | 7,432 | 0 |
| III. Financial assets | | | | |
| 1. Interests in affiliated companies | 89,421 | 0 | 1,800 | 0 |
| 2. Loans to affiliated companies | 465 | 0 | 0 | 0 |
| 3. Investments | 1,629 | 148 | 0 | 0 |
| 4. Loans to enterprises in which investments are held | 625 | 0 | 625 | 0 |
| 5. Other loans | 300 | 0 | 46 | 0 |
| | 92,440 | 148 | 2,471 | 0 |
| Total fixed assets | 1,145,113 | 28,867 | 11,664 | 0 |

| Write-ups | Depreciation, amortisation and write-downs 30.09.2006 | Carrying amount 30.09.2006 | Carrying amount 30.09.2005 | Depreciation, amortisation and write-downs in the current fiscal year |
|-----------|---|----------------------------|----------------------------|---|
| 0 | 18,267 | 1,705 | 3,186 | 1,665 |
| 0 | 1,434 | 5,738 | 6,216 | 478 |
| 0 | 0 | 1 | 1 | 0 |
| 0 | 19,701 | 7,444 | 9,403 | 2,143 |
| 0 | 240,459 | 53,931 | 56,205 | 3,668 |
| 0 | 579,790 | 106,225 | 117,312 | 24,415 |
| 0 | 43,853 | 5,938 | 5,178 | 2,415 |
| 0 | 0 | 14,858 | 5,219 | 0 |
| 0 | 864,102 | 180,952 | 183,914 | 30,498 |
| 0 | 20,224 | 67,397 | 69,197 | 0 |
| 0 | 0 | 465 | 465 | 0 |
| 0 | 486 | 1,291 | 1,143 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 254 | 300 | 0 |
| 0 | 20,710 | 69,407 | 71,105 | 0 |
| 0 | 904,513 | 257,803 | 264,422 | 32,641 |

Notes

GENERAL REMARKS

The financial statements of Norddeutsche Affinerie AG have been prepared in accordance with the accounting requirements of the German Commercial Code (HGB). In order to improve the clarity of presentation, some

items have been combined in the balance sheet and the income statement and disclosed separately in the notes to the financial statements.

ACCOUNTING POLICIES

Fixed assets

Intangible assets are recognised at cost and amortised systematically.

Property, plant and equipment are valued at acquisition or construction cost. The construction cost of self-constructed assets includes directly allocable costs and a share of overheads. Moveable fixed assets are generally depreciated using the declining balance method with a scheduled transition to the straight-line method in accordance with the German tax regulations. Exceptions from this are the capacity expansions to the concentrate processing plants at the site in Hamburg as well as the Kayser Recycling System in Lünen, which are depreciated using the straight-line method. Low-value items are fully depreciated in the year of acquisition. Impairment losses are recorded if the item should be recognised at a lower value.

The financial assets are stated at cost or their lower fair value.

Current assets

Inventories are stated at the lower of acquisition or production cost and market value as of the balance sheet date. Metal inventories are accounted for using the LIFO method. As far as necessary, write-downs are made for a decline in value on an individual basis. Goods in transit are valued at current market value. The principle of loss-free valuation is applied.

Emission allowances allocated at no charge are stated at a pro memoria amount. The fair value of rights not used for the allocation period amounts to € 117 thousand.

Receivables and other assets are recognised at cost. Risks in the receivables are reflected by adequate allowances. Receivables in foreign currencies are valued at the historical exchange rate or at the offer rate in effect at the balance sheet date, and hedged receivables at the rate of the hedge transaction.

Security investments are stated at cost less write-downs to the current market value, if necessary.

Bank balances in foreign currencies are valued at the offer rate at the balance sheet date.

Provisions

Provisions for direct pension obligations are recognised in accordance with actuarial principles at the present values, applying interest rates of 3.5% p.a. for the Hamburg site and 6% p.a. for the Lünen site.

Pension and welfare funds include allocations as permitted by the German tax regulations. Provisions as determined in accordance with the regulations of Section 6a of the German Income Tax Act have been made to cover the unfunded portion of these funds. To calculate the unfunded portion, the securities held in the funds' assets are recognised at current market value and leased property is valued applying the capitalised earnings procedure.

Other provisions cover all foreseeable risks and uncertain obligations, including pending contracts. They are accounted for at the amounts expected to be required for settlement. For provisions that are based on future expenditures, which are attributable to the fiscal year or an earlier fiscal year, the expenditures that will probably be incurred are accumulated pro rata.

Liabilities

All liabilities are stated at their settlement value. Liabilities in foreign currencies are translated at the rate in effect when they were booked or the bid rate as of the balance sheet date, and hedged liabilities at the rate of the hedge transaction.

Valuation units

Separate valuation units are set up for the individual metals in order to value fulfilled physical transactions, on which the price is not yet established, and open hedged transactions and hedging instruments. On the basis of a review of the overall portfolios, unrealised gains are then offset against unrealised losses, regardless of the period of their future realisation. Provisions are recognised on the liabilities side of the balance sheet for losses remaining after such set-off, but remaining (unrealised) gains are not recognised.

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

1. Fixed assets

In addition to rights of use acquired for a consideration, intangible assets include goodwill resulting from the amalgamation with Hüttenwerke Kayser AG. Intangible assets are amortised systematically. The goodwill is amortised straight line over its probable useful life of 15 years.

Capital expenditure on intangible assets and property, plant and equipment totalled € 28.7 million. Major projects in the fiscal year were a copper sulphate plant, the expansion of electronic scrap processing facilities, measures under the »eNergiA« project for the reduction of energy consumption, capital expenditure on the preparation of the capacity expansion in the primary smelter as well as the renewal of a quay wall.

A proportionate investment subsidy of € 66 thousand was deducted in the period under review from the acquisition or construction cost of the subsidised

assets, which were part of the measures taken in the secondary smelter sector to reduce fugitive emissions, for which a subsidy of altogether € 1.5 million has been granted by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

A breakdown of the investments accounted for under financial assets is given on page 45 of these Notes. Additions to interests in affiliated companies and investments represent, in particular, payments into additional paid-in capital at CIS Solartechnik GmbH & Co. KG, Bremerhaven, and the acquisition of 50% interests in each case in KPP Kraftwerk Peute Projektmanagement GmbH & Co. KG and KPV Kraftwerk Peute Verwaltungsgesellschaft mbH. The disposals include a capital reduction at Deutsche Giessdraht GmbH and the liquidation of Berliner Kupfer-Raffinerie GmbH, which has now been completed.

2. Inventories

| <i>in € thousand</i> | 30.09.2006 | 30.09.2005 |
|---|----------------|----------------|
| <i>Raw materials and supplies</i> | 190,206 | 128,534 |
| <i>Work in process</i> | 173,894 | 139,013 |
| <i>Finished goods, merchandise</i> | 33,403 | 43,494 |
| <i>Payments on account on inventories</i> | 5,252 | 0 |
| | 402,755 | 311,041 |

The increase of € 91.7 million in inventories was due in particular to higher metal prices and inventories in the intermediates and goods in transit of € 62.9 million included in the raw materials, which are stated at current market value.

The difference between the current market value as of the balance sheet date and our valuation amounts to € 708 million.

3. Receivables and other assets

| <i>in € thousand</i> | Maturing in | | Total | |
|---|------------------|------------------|----------------|----------------|
| | less than 1 year | more than 1 year | 30.09.2006 | 30.09.2005 |
| <i>Trade accounts receivable</i> | 450,158 | 0 | 450,158 | 159,691 |
| <i>Receivables from affiliated companies</i> | 62,053 | 639 | 62,692 | 41,693 |
| <i>Receivables from enterprises in which investments are held</i> | 10,709 | 0 | 10,709 | 10,309 |
| <i>Other assets</i> | 5,286 | 256 | 5,542 | 18,423 |
| | 528,206 | 895 | 529,101 | 230,116 |

The increase in trade accounts receivable results in particular from higher metal prices in addition to improved product sales. The portion of receivables sold without recourse as part of a factoring agreement amounted to € 10.2 million (€ 24.9 million in the prior year). Receivables from affiliated companies are primarily receivables from our subsidiary Prymetall GmbH & Co. KG, and receivables from enterprises in which investments are held represent receivables from

Schwermetall Halbzeugwerk GmbH and KPP Kraftwerk Peute Projektmanagement GmbH & Co. KG. Other assets include mainly payments for option premiums.

Most of the outstanding trade accounts receivable had been settled by the time of preparation of the financial statements.

4. Short-term security investments

Our short-term security investments are pledged to secure claims against one of our pension funds.

5. Cash and cash equivalents

Cash and cash equivalents include credit balances at banks and cash in hand.

6. Equity

As part of the authorisation given at the Annual General Meeting on 31 March 2005, it was resolved on 31 January 2006 to increase the subscribed capital by 10% for a contribution in cash, excluding shareholder subscription rights, and to place the shares as part of an accelerated book building. The proceeds from the placement of 3,340,919 new no-par-value shares with a calculated par value of € 2.56 per share amounted to € 23.10 per share, and the proceeds from the issue totalled € 77,175,228.90. As a result, the subscribed capital amounts to € 95,115,056.64 and is divided into 37,154,319 bearer shares. The share premium of €20.54 per share of altogether € 68,622,476.26 from the increase in capital was allocated to additional paid-in capital.

It was resolved at the Annual General Meeting on 30 March 2006 that new authorised, unissued capital

would be created. Accordingly, the Executive Board is empowered, subject to the approval of the Supervisory Board, to increase the subscribed capital by 29 March 2011 by up to € 47,557,527.04 by issuing new shares once or in several instalments for a cash contribution or a contribution in kind.

In addition, the share capital has been conditionally increased by up to € 41,500,000.00. It will be used to grant rights to the holders of warrants and/or convertible bonds that can be issued by 30 March 2010.

An amount of € 19.7 million has been allocated from net income for the year to the revenue reserves. The legal reserve of 10% of the subscribed capital is included in the revenue reserves in the amount of € 6,391 thousand. The remaining amount is covered by the share premium included in additional paid-in capital.

7. Provisions

| <i>in € thousand</i> | 30.09.2006 | 30.09.2005 |
|--|-------------------|-------------------|
| <i>Provisions for pensions</i> | 46,391 | 45,114 |
| <i>Provisions for taxation</i> | 0 | 2,000 |
| <i>Other provisions</i> | 108,975 | 94,498 |
| – <i>Personnel sector</i> | 37,487 | 35,581 |
| – <i>Maintenance and major repairs</i> | 28,477 | 30,712 |
| – <i>Environmental protection</i> | 11,679 | 11,701 |
| – <i>Other</i> | 31,332 | 16,504 |
| | 155,366 | 141,612 |

The pension obligations are computed based on Prof. Dr. Klaus Heubeck's 2005G mortality tables, applying discounting rates of 3.5% p.a. and 6% p.a. for the obligations resulting from amalgamations.

In the personnel sector, the provisions for performance-related remuneration components have increased. Other provisions include, in particular, higher impending losses.

In total, provisions of € 74.1 million (€ 77.6 million in the prior year) as of the balance sheet date had a long-term character.

8. Liabilities

| <i>in € thousand</i> | Maturing in | | | Total | |
|--|------------------|---------------|-------------------|----------------|----------------|
| | less than 1 year | 1 to 5 years | more than 5 years | 30.09.2006 | 30.09.2005 |
| <i>Bank loans and overdrafts</i> | 66,097 | 55,040 | 12,917 | 134,054 | 91,488 |
| <i>Advance payments received on orders</i> | 693 | 0 | 0 | 693 | 737 |
| <i>Trade accounts payable</i> | 366,013 | 0 | 0 | 366,013 | 204,051 |
| <i>Payables to affiliated companies</i> | 2,525 | 0 | 0 | 2,525 | 4,739 |
| <i>Payables to enterprises in which investments are held</i> | 949 | 0 | 0 | 949 | 1,961 |
| <i>Other liabilities</i> | 102,364 | 0 | 0 | 102,364 | 56,090 |
| – of which taxes | | | | 87,548 | 36,824 |
| – of which social security contributions | | | | 4,065 | 7,160 |
| | 538,641 | 55,040 | 12,917 | 606,598 | 359,066 |

The bank loans and overdrafts were increased by € 42.6 million to € 134.1 million to fund the additional working capital requirement.

Trade accounts payable increased primarily on account of higher metal prices. Advance payments include fees from tolling agreements still in progress.

Other liabilities include, in particular, higher import turnover tax and income tax obligations compared with the previous year.

9. Contingent liabilities and other financial commitments

| <i>in € thousand</i> | 30.09.2006 | 30.09.2005 |
|--|------------|------------|
| <i>Contingent liabilities under discounted bills</i> | 249 | 424 |
| <i>Capital commitments</i> | 13,981 | 10,743 |
| <i>Commitments under tolling agreements</i> | 5,459 | 7,959 |
| <i>Other contingencies (p.a.)</i> | 3,157 | 4,171 |
| <i>Other contingent liabilities (bond)</i> | 3,200 | 1,000 |

In addition, other financial commitments of some € 10 million p.a. result from long-term discharging and transport agreements.

Commitments under tolling agreements refer to the value of the metal extracted during the tolling process, which has to be returned. These liabilities are matched by corresponding recourse claims.

10. Derivatives

We employ derivatives in the form of future contracts, options and interest hedging to hedge the risks in the operational business, which arise from fluctuations in non-ferrous metal prices, foreign exchange rates and

interest rates. These agreements, which are monitored as part of a risk management system, are concluded exclusively with reputable brokers and banks.

| <i>in € million</i> | Notional amount 30.09.2006 | Fair value 30.09.2006 |
|---|--------------------------------------|---------------------------------|
| <i>Non-ferrous metal future contracts</i> | | |
| <i>Maturity of up to 1 year</i> | 798.1 | 13.0 |
| <i>Maturity of 1 to 5 years</i> | 427.7 | 57.7 |
| | 1,225.8 | 70.7 |
| <i>Foreign currency forward contracts</i> | | |
| <i>Maturity of up to 1 year</i> | 606.7 | 2.0 |
| <i>Maturity of 1 to 5 years</i> | 363.9 | 3.1 |
| | 970.6 | 5.1 |
| <i>Options</i> | | |
| <i>Metal options</i> | 32.1 | 1.3 |
| <i>Foreign currency options</i> | 64.4 | 2.0 |
| <i>Interest derivatives</i> | | |
| | 57.7 | (0.5) |

The non-ferrous metal futures contracts and foreign currency forward contracts primarily concern copper and the U.S. dollar.

Options, for which a premium was paid, are stated at their acquisition cost or the fair value in the amount of € 3.3 million under other assets in the balance sheet.

The notional amount of the derivative financial instruments is the sum of all purchase and sales contracts. By contrast, the fair value is based on the measurement of all contracts at the prices on the measurement date, and indicates the impact on income of the settlement of all derivatives without taking into account the underlying transactions.

The non-ferrous metal transactions to hedge the metal prices as well as the forward exchange contracts connected with these are included in the measurement of the valuation units per metal. These financial instruments therefore affect the measurement of trade accounts payable and receivable, and the inventories.

11. Revenues

| <i>in € thousand</i> | 2005/06 | 2004/05 |
|---------------------------------|------------------|------------------|
| By product groups | | |
| <i>Copper cathodes</i> | 1,051,496 | 420,617 |
| <i>Continuous cast wire rod</i> | 1,973,022 | 1,032,608 |
| <i>Continuous cast shapes</i> | 1,258,301 | 614,644 |
| <i>Precious metals</i> | 1,050,475 | 616,284 |
| <i>Chemicals</i> | 30,746 | 30,185 |
| <i>Other</i> | 143,723 | 83,861 |
| | 5,507,763 | 2,798,199 |

In the year under review, 64% of the revenues were achieved in the domestic market, 24% in member states of the European Union, 5% in non-EU European markets, 5% in North America and the remaining 2% in other countries.

The revenues from wire rod and shapes also include revenues for so-called »Wandelkathoden« (copper on account), which are delivered in the requested sizes after receipt of the customers' specifications.

Of the 97% increase in revenues, 70% is due to higher metal prices and 30% to increased unit sales of metals.

12. Other operating income

| <i>in € thousand</i> | 2005/06 | 2004/05 |
|--|---------------|---------------|
| <i>Release of provisions</i> | 2,190 | 2,954 |
| <i>Adjusting amounts for the utilisation of provisions</i> | 0 | 6,377 |
| <i>Gains on disposal of property, plant and equipment and financial assets</i> | 368 | 69 |
| <i>Cost reimbursements and services for third parties</i> | 15,000 | 15,246 |
| <i>Compensation and damages</i> | 773 | 389 |
| <i>Other amounts</i> | 1,178 | 861 |
| | 19,509 | 25,896 |

Of the aforementioned amounts, € 3.5 million (€ 3.2 million in the prior year) relate to earlier periods, mainly caused by the release of provisions.

The amounts shown in the prior year as net change in the usage of provisions were recognised directly as utilisation of the provisions in the year under review.

13. Cost of materials

| <i>in € thousand</i> | 2005/06 | 2004/05 |
|--|------------------|------------------|
| <i>Raw materials, supplies and merchandise</i> | 5,096,423 | 2,415,549 |
| <i>Cost of purchased services</i> | 108,435 | 92,045 |
| | 5,204,858 | 2,507,594 |

Cost of materials increased in line with the higher revenues.

The cost of materials ratio increased from 88.9% to 94.1% due to the higher metal prices.

14. Personnel expenses and human resources

| <i>in € thousand</i> | 2005/06 | 2004/05 |
|--|---------|----------------|
| <i>Wages and salaries</i> | 120,984 | 118,531 |
| <i>Social security, pension and other benefit expenses</i> | 29,016 | 27,569 |
| – of which for pensions | 5,090 | 4,284 |
| | | 146,100 |

In addition to the rise in the tariff wage-scale and increased production, personnel expenses rose due to higher performance-related bonuses for the employees and pension expenses.

The average number of employees during the year was as follows:

| | 2005/06 | 2004/05 |
|-----------------------------|---------|--------------|
| <i>Blue collar</i> | 1,532 | 1,536 |
| <i>White collar</i> | 735 | 724 |
| <i>Apprentices/trainees</i> | 158 | 150 |
| | | 2,410 |

15. Depreciation and amortisation

Since no major investment projects were completed in the year under review, depreciation and amortisation on intangible assets and property, plant and equipment declined by € 2.9 million to € 32.6 million. Impairment

losses of € 43 thousand were recognised in the fiscal year.

16. Other operating expenses

This item includes administrative and marketing expenses, fees, insurance, rents and leases. In addition, other taxes of € 714 thousand (€ 701 thousand in the prior year) are reported under this heading.

The allocations to provisions shown in the prior year under other operating expenses were allocated to the

primary expenses in the amount of € 10.3 million in the year under review.

The expenses of € 0.7 million relating to accounting periods mainly comprise losses from the disposal of fixed assets.

17. Result from investments

| <i>in € thousand</i> | 2005/06 | 2004/05 |
|--|--------------|----------------|
| <i>Income from profit and loss transfer agreements</i> | 6 | 1 |
| <i>Income from investments</i> | 4,655 | 5,023 |
| – of which from affiliated companies | 4,655 | 5,023 |
| <i>Write-downs on financial assets</i> | 0 | (8,200) |
| | 4,661 | (3,176) |

18. Net interest expense

| <i>in € thousand</i> | 2005/06 | 2004/05 |
|--|----------------|----------------|
| <i>Income from loans reported under financial assets</i> | 23 | 21 |
| – of which from affiliated companies | 10 | 12 |
| <i>Other interest and similar income</i> | 6,435 | 4,634 |
| – of which from affiliated companies | 2,212 | 1,476 |
| | 6,458 | 4,655 |
| <i>Interest and similar expenses</i> | (10,234) | (9,882) |
| – of which to affiliated companies | 175 | 210 |
| | (3,776) | (5,227) |

Net interest expense includes the interest component of the allocation to the pension provisions in the amount of € 2 million (€ 2 million in the prior year).

19. Income taxes

Income taxes amount to € 47.4 million. This results in a tax rate of 44.7%. The higher tax rate is largely due to the allocations to provisions for maintenance, major

repairs and impending losses, which are not deductible for tax purposes.

20. Impact of tax measures

Earnings before taxes increased by approximately € 1.2 million due to the claiming of additional depreciation permitted for tax purposes in prior

years. The future income tax burden will amount to about 40%.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 GERMAN COMPANIES ACT

The declaration required under Section 161 German Companies Act has been issued by the Executive Board and the Supervisory Board and has been made accessible to the shareholders on the company's website.

DECLARATION IN ACCORDANCE WITH SECTION 160 PAR. 1 NO. 8 GERMAN COMPANIES ACT

L. Possehl & Co. mbH, 23552 Lübeck, has advised us on behalf of and as authorised by Possehl Stiftung, 23552 Lübeck, in its announcement dated 8 June 2006 in accordance with Sections 21 par. 1 and 24 German Securities Trade Act that the voting interest of Possehl Beteiligungsverwaltung GmbH, 23552 Lübeck,

L. Possehl & Co. mbH, 23552 Lübeck, as well as Possehl-Stiftung, 23552 Lübeck, in Norddeutsche Affinerie AG, 20539 Hamburg, has exceeded the 10% threshold and now amounts to 10.0005%.

AUDITORS' FEES

The following fees for services rendered by the auditors were recorded as expenses in fiscal year 2005/06:

| | |
|---|----------------|
| <i>Audit services</i> | € 235 thousand |
| <i>Other assurance and valuation services</i> | € 3 thousand |
| <i>Tax services</i> | € 17 thousand |
| <i>Other services</i> | € 99 thousand |

INFORMATION ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Total remuneration

The total remuneration of the Executive Board for 2005/06 amounted to € 2,687,956 and included a fixed component for the past fiscal year of € 1,275,831 and a performance-related component of € 1,412,125. In addition, the proportional fair value of the options acquired by the Executive Board as part of an incentive plan amounted to € 357,757.

Former members of the Executive Board and their surviving dependents received a total of € 982,263, while € 10,375,675 has been provided for their pension entitlement.

The remuneration of the Supervisory Board for 2005/06 amounted to € 377.973.

Shareholdings

Members of the Supervisory Board hold 8,985 shares and members of the Executive Board hold 18,651 shares in Norddeutsche Affinerie AG.

Directors' dealings

The members of the Executive Board, Dr Werner Marnette, Dr Bernd Langner and Dr Bernd Drouven, and the members of the Supervisory Board, Prof Hausselt and Mr Wirtz, have notified the Company that they transacted notifiable business in the period from 1 October 2005 to 30 September 2006, in that they purchased a total of 3,700 shares and sold a total of 18,000 shares during that time. The Company has reported this to the Federal Authority for Financial Services Supervision and has published this information.

PROPOSED APPROPRIATION OF EARNINGS

| | |
|---|------------------------|
| <i>Net income for the year of Norddeutsche Affinerie Aktiengesellschaft</i> | € 58,750,000.00 |
| <i>Allocations to other revenue reserves</i> | € 19,737,965.05 |
| Unappropriated earnings | € 39,012,034.95 |

We will propose to the Annual General Meeting that Norddeutsche Affinerie AG's unappropriated earnings

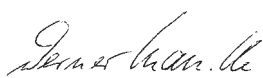
of € 39,012,034.95 be used to pay a dividend of € 1.05 per share (= € 39,012,034.95).

Hamburg, 22 December 2006

Norddeutsche Affinerie AG

Hovestrasse 50
20539 Hamburg

The executive board



Dr Werner Marnette



Dr Bernd Drouven



Dr Michael Landau



Dr Bernd Langner

INVESTMENTS AS PER SECTION 285 NO. 11 HGB (GERMAN COMMERCIAL CODE) AS AT 30 SEPTEMBER 2006

| Company name and registered office | % of capital held by NA Group | Currency | Subscribed capital in 1,000 | Held directly by | Holding in % | Equity in 1,000 | Net earnings in 1,000 |
|---|-------------------------------|----------|-----------------------------|------------------|--------------|-----------------|-----------------------|
| 1 Norddeutsche Affinerie AG | | € | 95,115 | | | | |
| 2 Deutsche Giessdraht GmbH, Emmerich | 60 | € | 3,200 | 1 | 60 | 7,412 | 2,988 |
| 3 Prymetall GmbH, Stolberg | 100 | € | 30 | 1 | 100 | 31 | 0 |
| 4 Prymetall GmbH & Co. KG, Stolberg | 100 | € | 12,800 | 1 | 100 | 22,522 | 7,804 |
| 5 CABLO Metall-Recycling & Handel GmbH, Fehrbellin | 100 | € | 767 | 1 | 100 | 5,461 | 2,445 |
| 6 RETORTE Ulrich Scharrer GmbH, Röthenbach | 100 | € | 2,045 | 1 | 100 | 3,689 | 1,005 |
| 7 Peute Baustoff GmbH, Hamburg | 100 | € | 52 | 1 | 100 | 872 | 758 |
| 8 EIP Metals Ltd., Smethwick (UK) | 100 | £ | 2,130 | 4 | 100 | 993 | (24) |
| 9 Hüttenbau-Gesellschaft Peute mbH, Hamburg | 100 | € | 26 | 1 | 100 | 87 | 0 |
| 10 Hüttenwerk Kayser Lünen GmbH i.L., Lünen | 100 | € | 26 | 1 | 100 | 27 | 1 |
| 11 E.R.N. Elektro-Recycling NORD GmbH, Hamburg | 70 | € | 512 | 1 | 70 | 978 | 376 |
| 12 CIS Solartechnik GmbH & Co. KG, Bremerhaven | 50 | € | 800 | 1 | 50 | 3,599 | (695) |
| 13 KPP Kraftwerk Peute Projektmanagement GmbH & Co. KG, Hamburg | 50 | € | 100 | 1 | 50 | (1,076) | (1,176) |
| 14 KPV Kraftwerk Peute Verwaltungsgesellschaft mbH, Hamburg | 50 | € | 25 | 1 | 50 | 24 | (1) |
| 15 C.M.R. International N.V., Antwerp | 50 | € | 1,000 | 1 | 50 | 1,321 | 33 |
| 16 VisioNA GmbH, Hamburg | 50 | € | 25 | 1 | 50 | 19 | 1 |
| 17 Schwermetall Halbzeugwerk GmbH, Stolberg | 50 | € | 52 | 4 | 50 | 68 | 14 |
| 18 Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg | 50 | € | 12,500 | 4 | 50 | 25,577 | 7,168 |
| 19 JoSeCo GmbH, Kirchheim/Schwabia | 33 | € | 225 | 6 | 33 | 189 | 11 |
| 20 PHG Peute Hafen- und Industriebetriebsgesellschaft mbH, Hamburg | 7 | € | 26 | 1 | 7 | 79 | 3 |

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of Norddeutsche Affinerie Aktiengesellschaft, Hamburg, for the fiscal year from 1 October 2005 to 30 September 2006. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and management report, based on our audit.

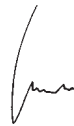
We conducted our audit of the annual financial statements in accordance with Section 317 HGB (»Handelsgesetzbuch«: »German Commercial Code«) and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Norddeutsche Affinerie Aktiengesellschaft in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development.

Hamburg, 22 December 2006

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Krall
Auditor



Retzlaff
Auditor

Dear Shareholders, Norddeutsche Affinerie AG again performed well in fiscal year 2005/06 on the basis of the stable growth in the global economy and continued good demand for our copper products. The successful business development was attributable to an enhanced competitive and market position as well as rigid cost and risk management. All credit is due to the Executive Board, management and employees in all sectors for their contributions, which achieved the excellent business results.

In the last fiscal year 2005/06 the Supervisory Board was again in constant communication with the Executive Board and monitored and supervised the main business processes. The Supervisory Board supports the group's strategic orientation and the business management of the Executive Board.

In the year under review, the Supervisory Board performed the functions incumbent on it by law and the Articles of Association. The Supervisory Board regularly advised the Executive Board on the management of the Company and constantly monitored the conduct of business. The Executive Board and Supervisory Board worked closely together; the aim is to achieve a sustained increase in enterprise value. The Supervisory Board was involved in all decisions of fundamental importance for the Company.

The Executive Board informed the Supervisory Board regularly, promptly and in detail, in written and verbal reports about the intended business policy, all the fundamental aspects of corporate planning including financial, investment and personnel planning and further strategic development. In addition, the Executive Board reported on the Company's profitability, the course of business, the group's position including the risk situation and risk management.

The Executive Board agreed the Company's strategic orientation with the Supervisory Board and at regular intervals discussed the status in implementing the strategy. The Company's strategy was discussed in detail at the Supervisory Board meeting on 28 June 2006. Actual business developments deviating from the prepared budgets and reported targets were depicted and explained and reasons given. All the important

business transactions were discussed at length by the Supervisory Board and in the respective committees on the basis of the detailed reports received from the Executive Board. Documents needed for making decisions, in particular the financial statements, the consolidated financial statements and the audit report, were passed on to the members of the Supervisory Board in good time before the meetings and examined by us. The Supervisory Board gave its consent to important business requiring its approval.

Outside the Supervisory Board meetings, the Chairman of the Supervisory Board was in regular contact with the Executive Board and was kept informed about the current business situation and the key business issues.

Five Supervisory Board meetings and one extraordinary meeting were held in fiscal year 2005/06. The Supervisory Board was also kept well-informed between the meetings about projects and plans which were of particular significance for the Company.

Work on the Committees

In addition to the Conciliation Committee required by law in accordance with Section 27 par. 3 German Codetermination Act (MitbestG), the Supervisory Board again formed a Preparatory Committee, a Personnel Committee and an Audit Committee. Each Committee consists equally of representatives of the shareholders and the employees. With the exception of the Audit Committee, the Chairman of the Supervisory Board is also the Chairman of the Committees. The Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal audit procedures. The Personnel Committee convened five times in the year under review, the Audit Committee twice. The auditors attended one meeting of the Audit Committee. The Conciliation Committee and Preparatory Committee did not meet in the fiscal year. Amongst other things, the Personnel Committee focused on the appointment of Dr Bernd Drouven as the new Chief Financial Officer and on reviewing the structure and amount of compensation paid to the entire Executive Board as well as the pension rights for newly appointed members of the Executive Board. The Audit Committee was concerned with awarding the audit assignment, determining the audit

priority areas and the level of compensation for the auditors. It also monitored the auditors' independence. In addition, the Audit Committee in collaboration with the auditors examined matters in connection with the financial reporting, in particular with the measurement and management of inventories under non-current and current assets in accordance with IFRS and HGB, as well as with the Company's risk management including the tasks of the internal audit. It discussed significant risks with the Executive Board.

After the meetings, the respective Chairmen of the Committees reported to the Supervisory Board on the Committees' work.

Focal points of the Supervisory Board consultations

The regular consultations at the meetings covered the developments on the metal and foreign exchange markets as well as the raw material, energy and product markets. The resultant impacts on the business performance of the Company and its individual Segments including the subsidiaries were discussed. In addition to the targeted expansion of the copper production operations at the Hamburg site, the Supervisory Board focused on the respective planning status of the erection of the SF power plant in Hamburg. At the meeting on 25 January 2006 and in particular at the extraordinary meeting on 31 January 2006, the Supervisory Board concerned itself with the cash capital increase from authorised capital and gave the required approvals. At each meeting the Supervisory Board was informed about the ongoing measures to enhance performance and increase enterprise value in the group.

Corporate Governance

The Supervisory Board consulted about the structure of the remuneration system for the Executive Board and will review this at regular intervals. At several meetings the Supervisory Board reviewed its efficacy. Especially at the meetings on 14 December 2005 and 14 September 2006, the Supervisory Board examined the efficacy of its activities and discussed possibilities for improvement.

There are no former members of the Executive Board on the Supervisory Board.

On 30 January 2007 the Executive Board and Supervisory Board again submitted a Declaration of Conformity in accordance with Section 161 Companies Act to the effect that the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 2 June 2005 and the recommendations announced by the Government Commission on the German Corporate Governance Code on 24 July 2006 in the version dated 12 June 2006 were and will be applied respectively with the following well-founded exceptions. Publication of the consolidated financial statements will continue to take place within 120 days of the end of the fiscal year. By adhering to the 90 day time limit, publication of the consolidated financial statements would take place during the public holiday period at the end of the calendar year, since the Company's fiscal year differs from the calendar year, and would receive insufficient attention. Furthermore, neither the compensation paid to members of the Executive Board nor to members of the Supervisory Board is disclosed on an individualised basis. No compensation report on directors' emoluments as part of the Corporate Governance Report will be made for fiscal year 2005/06. It is, however, intended to disclose the compensation paid to the Executive Board on an individualised basis in accordance with Section 314 par. 1 no. 6a sentence 5 HGB as well as the Executive Board's compensation in the notes to the consolidated financial statements as of fiscal year 2006/07. The Declaration of Conformity can be accessed at <http://www.na-ag.com>.

Annual audit

The financial statements for the Company issued by the Executive Board in accordance with the HGB (German GAAP) and the consolidated financial statements prepared pursuant to IFRS – International Financial Reporting Standards for the fiscal year from 1 October 2005 to 30 September 2006 and the management report for the Company and its group have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt a.M. in accordance with the resolution passed at the Company's Annual General Meeting on 30 March 2006 and the subsequent audit contract awarded by the Supervisory Board. The auditor has issued an unqualified report. One focus of the audit was the correctness of the automated processing of invoices, filing and handling of payments for the Material Procurement Sector. All the Supervisory Board members received copies of the financial statements and the audit reports as well as the Executive Board's recommendation for the appropriation of the net earnings in good time. These documents were discussed in detail at the balance sheet meeting of the Supervisory Board on 30 January 2007. During this meeting the auditor reported on the main results of the audit and was available to give the Supervisory Board further information. The Supervisory Board agreed with the findings of the audit performed by the auditor on the basis of its own examination of the financial statements, the consolidated financial statements, the combined management report and the recommendation for the appropriation of the net earnings and ascertained that, after the conclusion of its examination, it had no objections to raise. The Supervisory Board approved the financial statements, which are thus adopted, as well as the consolidated financial statements. The Supervisory Board concurred with the Executive Board's recommendation for the appropriation of the net earnings.

Changes in the composition of the Supervisory Board and Executive Board

The Supervisory Board appointed Dr Bernd Drouven as Chief Financial Officer with effect from 1 January 2006.

The Supervisory Board member, Mr Günter Kroll, went into retirement and stepped down from the Supervisory Board of Norddeutsche Affinerie AG at the close of 30 June 2006. We thank Mr Kroll for his constructive and competent contributions and for his many years of successful work to the good of the Company. Dr Joachim Faubel has replaced him on the Company's Supervisory Board with effect from 1 July 2006.

The Supervisory Board thanks the Executive Board, the management as well as all NA staff and the employees' representatives for their responsible, dedicated commitment and successful work during the year under review.

Hamburg, 30 January 2007

The Supervisory Board



Dr Ing. Ernst J. Wortberg

Chairman

SUPERVISORY BOARD

Dr Ing. Ernst J. Wortberg, Dortmund

Chairman

Former Chairman of the Executive Board of
L. Possehl & Co. mbH, Lübeck

Hans-Jürgen Grundmann, Seevetal*

Deputy Chairman

Shop mechanic

Chairman of the Works' Council of
Norddeutsche Affinerie AG

Dr Joachim Faubel, Hamburg*

Graduate engineer

Production control of

Norddeutsche Affinerie AG

Successor for Mr Günter Kroll

since 1 July 2006

Gottlieb Förster, Itzstedt*

Union Secretary of the Industrial Union: Mining,
Chemistry, Energy, Hanover

– Bayer Industry Services Geschäftsführung
GmbH, Leverkusen

Member of the Supervisory Board

– Gerresheimer Glas GmbH, Düsseldorf

Member of the Supervisory Board

– Chemie Pensionsfonds AG, München

Member of the Supervisory Board

Dr Peter von Foerster, Hamburg

– Holcim (Deutschland) AG, Hamburg

Chairman of the Supervisory Board

– Hamburger Hafен- und Lagerhaus AG, Hamburg,

Chairman of the Supervisory Board

– Unilever Deutschland GmbH, Hamburg

Member of the Supervisory Board

– Hemmoor Zement AG i.L., Hamburg

Member of the Supervisory Board

– Desitin Arzneimittel GmbH, Hamburg

Deputy Chairman of the Advisory Board

– Bernhard Schulte KG, Hamburg

Member of the Advisory Council

Ulf Gänger, Hamburg

Former member of the Executive Board of
Hamburgische Landesbank, Hamburg (now HSH
Nordbank AG, Hamburg and Kiel)

– NAVIS Schiffahrts- und Speditionen-
Aktiengesellschaft, Hamburg

Chairman of the Supervisory Board

– VON ESSEN KG BANKGESELLSCHAFT, Essen,

Chairman of the Advisory Board

(until 31 December 2005)

– Peter Cremer Holding GmbH & Co., Hamburg

Chairman of the Advisory Council

– Gewürzwerk Hermann Laue (GmbH & Co.),

Ahrensburg

Deputy Chairman of the Advisory Council

Rainer Grohe, Otterstadt

Executive Director of Galileo Joint Undertaking,
Brussels, Belgium until 31 December 2006

– Ball Packaging Europe GmbH, Ratingen

Chairman of the Supervisory Board

– K+S Aktiengesellschaft, Kassel

Member of the Supervisory Board

– PFW Aerospace AG, Speyer

Member of the Supervisory Board

Prof. Dr Ing. Jürgen Haußelt, Germersheim

Head of the Institute for Material Research III of
Forschungszentrum Karlsruhe GmbH, Karlsruhe

– Chair for Material Process Technology, Institut für
Mikrosystemtechnik, Albert-Ludwig University,
Freiburg i. Br.

Gerd Körner, Hamburg*

Employee in the Accounts Department of
Norddeutsche Affinerie AG

Member of the Works' Council of

Norddeutsche Affinerie AG

Günter Kroll, Hamburg*

Graduate engineer

Head of the Vocational Training Department of
Norddeutsche Affinerie AG

until 30 June 2006

Rolf Schwertz, Datteln*

Bricklayer and boiler operator
Member of the Works Council of
Norddeutsche Affinerie AG
Hüttenwerke Kayser

Prof. Dr Fritz Vahrenholt, Hamburg

Chairman of the Executive Board of REpower
Systems AG, Hamburg
– Ersol Solar Energy, Erfurt
Member of the Supervisory Board
– ThyssenKrupp Technologies AG, Essen
Member of the Supervisory Board
– VERBIO Vereinigte Bioenergie AG, Zörlbig
Member of the Supervisory Board

Helmut Wirtz, Stolberg*

Managing Director of IG Metall, Stolberg

SUPERVISORY BOARD COMMITTEES**Conciliation Committee in accordance with
Section 27 par. 3 Law on Co-determination**

Dr Ing. Ernst J. Wortberg (Chairman)
Hans-Jürgen Grundmann (Deputy Chairman)
Dr Peter von Foerster
Gerd Körner

Audit Committee

Ulf Gänger (Chairman)
Gottlieb Förster
Hans-Jürgen Grundmann
Dr Ing. Ernst J. Wortberg

Personnel Committee

Dr Ing. Ernst J. Wortberg (Chairman)
Dr Joachim Faubel since 1 July 2006
Dr Peter von Foerster
Hans-Jürgen Grundmann
Gerd Körner
Günter Kroll until 30 June 2006
Prof. Dr Fritz Vahrenholt

Preparatory Committee

Dr Ing. Ernst J. Wortberg (Chairman)
Dr Peter von Foerster
Hans-Jürgen Grundmann
Günter Kroll until 30 June 2006
Rolf Schwertz since 1 July 2006

EXECUTIVE BOARD**Dr Werner Marnette**, Hollenstedt

born: 27 September 1945
Chairman of the Executive Board
and Director of Labour Affairs
appointed until 31 March 2010
– Leoni AG, Nuremberg
Member of the Supervisory Board
– L. Possehl & Co. mbH, Lübeck
Member of the Advisory Council

Dr Michael Landau, Mölln

born: 26 July 1950
Member of the Executive Board
appointed until 31 May 2010

Dr Bernd E. Langner, Winsen/Luhe

born: 30 January 1949
Member of the Executive Board
appointed until 31 December 2008
– Prymetall GmbH & Co. KG, Stolberg
Spokesman of the Management Board

Dr Bernd Drouven, Hamburg

born: 19 September 1955
Member of the Board since 1 January 2006
appointed until 31 December 2008

* elected by the employees

Imprint

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Concept & design

Impact Communication GmbH, Hamburg

Print

Kauffeldt GmbH & Co. KG, Ahrensburg

Disclaimer

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

