

**NA Group Report
on the unaudited results of fiscal year 2003/04
– 1 October 2003 to 30 September 2004 –**

Return to an attractive dividend policy

Hamburg, 16 December 2004 – In the 4th quarter the results of Norddeutsche Affinerie (NA) again fulfilled all expectations, producing a pre-tax profit for the fiscal year of € 47 million (€ 3 million in the previous year). Revenues rose by 37 % to € 2.5 billion (€ 1.8 billion in the previous year) due to substantially improved sales and the high metal prices.

Consequently, the payment of a dividend of 65 cents per share will be recommended at the Annual General Meeting on 31 March 2005. NA is therefore returning to its attractive dividend policy.

The continued strong demand for NA's copper products, which significantly increased in the course of the fiscal year, made an important contribution to earnings. At the same time the sustained high copper price supported the recovery on the raw material markets. The enhanced output of the international mining companies resulted in a sharp uptrend in treatment and refining charges for copper concentrates on the spot market. As a result the conditions for long-term supply agreements improve as well.

The international copper market continues to be characterised by the global shortage of copper cathodes.

Despite the production stoppage in the 1st quarter, the throughput of copper concentrates, NA's most important raw material, amounted to 1,021,000 tonnes (1,021,000 tonnes in the previous year). At 522,000 tonnes cathode output was slightly down on the previous year (530,00 tonnes) due to the shortage of copper scrap supplies at the beginning of the fiscal year.

Production figures for copper products reached all-time highs which further enhanced NA's market position in Europe. The output of wire rod was up 17 % to 399,000 tonnes (342,000 tonnes in the previous year), the production of continuous cast shapes rose by 33 % to 257,000 tonnes (193,000 tonnes in the previous year).

All the Group companies made profit contributions from operating activities.

Prymetall has acquired the English slitting centre, E.I.P. in Birmingham. The acquisition is a logical step towards downstream processing and end customers.

Consolidated key figures of the NA Group in accordance with IFRS (unaudited)		Fiscal year 2002/03	Fiscal year 2003/04
		12 months	12 months
		01.10.-30.09.	<u>01.10.-30.09.</u> <u>unaudited</u>
Revenues	€m	1,816	2,481
Gross profit	€m	354	388
Personnel expenses	€m	192	180
Depreciation	€m	63	70
EBITDA	€m	79	129
EBIT	€m	16	58
Earnings before taxes	€m	3	47
Net income	€m	3	25
Earnings per share	€	0.10	0.76
Gross cash flow	€m	64	118
Capital expenditure	€m	26	28
Copper and copper alloys	1,000 t	774	833
Copper price (average)	US\$/t	1,653	2,607
Number of employees (average)		3,458	3,206

NA Group's revenues and profitability

For its 2003/04 fiscal year, the NA Group is reporting as in the previous year in accordance with the International Financial Reporting Standards (IFRS). The valuation principles applied in preparing the IFRS-based consolidated financial statements as per 30 September 2003 remain unchanged.

In the last fiscal year the NA Group's revenues rose by € 665 million due to increased sales but also to high metal prices. Revenues increased to € 2,481 million, up from € 1,816 million in the previous year.

The gross profit of € 388 million exceeded the previous year's figure (€ 354 million) by € 34 million, reflecting the continuation of the positive trend in the 2nd and 3rd quarters.

The € 12 million decrease in personnel expenses to € 180 million (from € 192 million in the previous year) is attributable to the reduction in the workforce in Lünen as well as at our subsidiaries, Prymetall and Schwermetall Halbzeugwerk in Stolberg near Aachen.

In contrast, depreciation/amortisation rose to € 70 million (€ 63 million in the previous year) on account of extraordinary amortisation of € 10 million made on goodwill.

In the fiscal year earnings before interest, taxes and depreciation/amortisation (EBITDA) totalled € 129 million (€ 79 million in the previous year). Earnings before interest and taxes (EBIT) also increased significantly to € 58 million (€ 16 million in the previous year).

The NA Group generated higher earnings before taxes of € 47 million compared with the previous year (€ 3 million). This was the result of the following factors:

- All Group companies made profit contributions from operating activities.
- The decisive implementation of all the measures to improve earnings in the NA Group.
- The positive trend on the copper scrap markets enabled higher refining charges and improved the level of supplies at the Hamburg and Lünen sites.
- The increased capacity of the concentrate processing facilities in Hamburg were proportionately fully utilised.
- High metal prices and backwardation on the metal exchanges (cash price higher than forward or futures price) had a positive impact on earnings.

- Production output of wire rod, shapes and copper semis was noticeably higher.
- The amortisation of goodwill and provisional write-off of receivables (amounting to € 3.75 million) made at the end of the fiscal year in the Copper Processing Segment had a negative effect on earnings.

Consolidated net income including minority interest amounting to € 25 million is at a very satisfactory level, up from € 3 million in the previous year.

As a result earnings per share amount to € 0.76 (€ 0.10 in the previous year).

At the Annual General Meeting the payment of a dividend of 65 cents per share will be recommended. This corresponds to a payout ratio of 76 % and thus follows our former attractive dividend policy. In addition, we will be making allocations to reserves and thus strengthening our equity basis.

In fiscal year 2003/04 gross cash flow rose from € 64 million to € 118 million, in particular due to increased earnings and higher depreciation/amortisation.

Capital expenditure totalling € 28 million was slightly up on the previous year (€ 26 million). This was mainly used to fund measures to enhance performance as part of the dyNAMic plus programme at NA AG and Euro-Copper programme at Prymetall. In Hamburg the modernisation of the precious metal processing facilities in Hamburg is in the final stage; the measures to eliminate emissions in the secondary smelter sector were completed.

The consolidated financial statements will be presented at our analyst and press conference on 31 January 2005.

Copper market

The decisive impulse for the copper market was given by the good trend in global trade. In 2004 international copper demand increased by 6.8 % to 16.6 million tonnes. Almost all regions recorded rising demand. Asia remained the central growth region with China as its core market. The copper input in the booming Chinese economy increased by 13.5 %. In North America copper demand rose by 7 %. In Europe the economic trend supported by the good export trade has picked up somewhat since the turn of the year. As a result European copper demand grew by 1.6 %. Although cathode output in 2004 was up 6 % worldwide, the copper supply could not cover the high demand.

Copper stocks at the metal exchanges dwindled over the months. By the end of September only about 162,000 tonnes were stored at the London Metal Exchange (LME), the American Commodity Exchange (COMEX) and the Shanghai Futures Exchange (SHFE). Year-on-year that was a drop of 83 %. In the European LME warehouses there were almost no copper cathodes available for sale over considerable periods of the year. Outside the metal exchanges stockkeeping also declined significantly due to the high copper price.

Against this background the global market deficit in 2004 reached a magnitude of 800,000 - 900,000 tonnes. Speculatively oriented investors such as investment companies used the opportunity to do additional business on the copper market.

Supported by the strong cathode demand from Asia, the price rallied by 75 %. On 30 September 2004 a 15 year high was recorded at 3,140 US\$/t. Quoted in Euro copper closed the fiscal year at 2,546 €/t. The average price over the fiscal year amounted to 2,607 €/t, a year-on-year increase of 58 %.

The short supplies on the copper market were reflected in backwardation in the LME copper contract. In a backwardation situation the prices for spot business, i.e. immediately available cathodes, are higher than for forward contracts, e.g. for delivery in three months. Since November 2003 backwardation has climbed to 140 US\$/t for the three month period to the end of the year under review.

The cathode shortage triggered off a sharp rise in cathode premiums. At the end of September, premiums of over 100 US\$/t in addition to the price quoted on the metal exchanges were traded in the European spot business. The negotiations with customers started in October 2004 for the annual copper contracts for 2005 are also based on a higher cathode premium. In accordance with the market it amounts to 115 US\$/t and is thus significantly higher than the previous year's figure, 60 US\$/t.

Copper Production Segment

Raw material markets

After still having extremely short supplies in the first half of 2004, the copper concentrate market staged a vigorous and dramatic recovery at the end of June. On account of the high copper prices many copper mines increased their concentrate output while in parallel the smelters were operating to full capacity.

In a short time the treatment and refining charges (TC/RCs) for spot concentrate deliveries rose significantly and by the end of the fiscal year amounted to more than 100 \$/t and 10 cent/lb. The conditions for long-term agreements were also positively impacted by this.

Copper scrap was also in short supply until the end of 2003, but then availability improved substantially. From the beginning of 2004 onwards, sufficient quantities were available at good refining charges. The procurement market for alloy scrap and recycling materials was good throughout. NA again increased its overall range of feed materials.

In the course of the 4th quarter, however, supplies of copper scrap declined again due to rising demand from European competitors and from China. Refining charges eased down during the quarter. Other feed materials have not been affected by this slightly adverse trend. Nevertheless, from the 2nd quarter onwards all the recycling capacities could be fully utilised.

Cathodes and precious metals

NA AG (Hamburg)

In October 2003 there was a production stoppage for expansion and maintenance work in the primary smelter. The measures taken focused on increasing the capacity of the concentrate processing facilities in the flash smelter to 1.15 million tonnes per annum. The additional capacity fully compensated for the loss of throughput during the 17 day stoppage in the following months. At 1,021,000 tonnes, concentrate processing over the entire fiscal year matched the performance of the previous year. In the 4th quarter of fiscal year 2003/04 250,000 tonnes of concentrates were processed in the primary smelter.

In Hamburg 94,300 tonnes of copper cathodes were produced in the 4th quarter of the year under review. The total cathode output for fiscal year 2003/04 thus amounted to 354,000 tonnes (373,000 in the previous year). The lower cathode output was caused by the lack of copper scrap availability in the 1st quarter.

In the 4th quarter sulphuric acid production amounted to 243,000 tonnes. At 992,000 tonnes total output was slightly up on the previous year (991,000 tonnes). The trend on the sulphuric acid market was positive thanks to high demand, especially from Asia, which caused the price to rise substantially over the course of the year. We are also expecting a positive market environment to prevail next year.

The silver and gold contents in the raw materials of the primary and secondary copper production sectors were lower. 759 tonnes of silver (832 tonnes in the previous year) were produced. The gold output totalling 21 tonnes was also down on the previous year (25 tonnes) due to the raw materials.

NA AG (Lünen works)

In fiscal year 2003/04 HK managed the turnaround. The Lünen production site has the most modern and high-performing recycling plant worldwide. The input of modern recycling materials from the electrical engineering and electronics sectors, end-of-life vehicle recycling, as well as from the chemical industry was successfully increased.

The processing capacity of the KRS (Kayser Recycling System) has been significantly enhanced by further plant optimisation. The throughput was up year-on-year by 40 %.

The improved supply of copper scrap together with the enhanced performance resulted in an increased anode output. This, together with the anode supply from Hamburg, enabled the tankhouse in Lünen to be fully utilised again from the 2nd quarter onwards.

In the 4th quarter some 46,000 tonnes of copper cathodes (31,000 tonnes in the previous year) were produced. In fiscal year 2003/04 output amounted to 168,000 tonnes, thus up on the previous year's figure (157,000 tonnes).

In total Hamburg and Lünen produced together 522,000 tonnes of copper cathodes in the last fiscal year (530,000 tonnes in the previous year).

Copper Processing Segment

Product markets

The significantly improved demand for copper products in the face of an increasing shortage of copper cathodes impacted our product markets in the year under review. Not only the squeeze from the Far East, but also the slightly growing demand in Europe, our core market, contributed to this development. NA's high delivery reliability resulted in a substantially improved market position in some market segments.

In all sectors demand for continuous cast wire rod and shapes as well as semi-finished products was stronger than in the previous year. In general, the electrical engineering and electronics industries as well as the telecommunications and air conditioning and cooling sectors had a positive showing. In contrast, demand in the German construction industry continued to be weak.

In the core market the output of the semis industry stabilised at a high level in the 4th quarter. Currently demand is stable in the market segments of energy transfer and distribution as well as communications and data transfer. In view of the high copper price, the semis industry's stock adjustment — usual at year-end — will temporarily weigh on demand. The weak dollar will also adversely impact demand in the medium term. Nevertheless, due to the robust economic trend in North America and Asia, we are optimistic that the direct and indirect demand for wire rod and shapes will pick up again substantially at the beginning of the new calendar year.

Continuous cast wire rod (ROD)

In the 4th quarter the NA Group produced 98,000 tonnes of wire rod (82,000 tonnes in the previous year). In total the output in fiscal year 2003/04 came to 399,000 tonnes (342,000 tonnes in the previous year).

Consequently, in the fiscal year NA achieved the highest production output to date. The increase of 17 % over the previous year reflects our growth in a recovering market.

Continuous cast shapes and pre-rolled strip (CAST/ROLL)

In the 4th quarter NA-CAST produced 70,000 tonnes of shapes (45,000 tonnes in the previous year), thus exceeding the good result for the 3rd quarter. Overall the fiscal year saw an all-time production high of 257,000 tonnes, corresponding to an increase of 64,000 compared with the previous year's output (193,000 tonnes). Growth was spread over large areas of the product range, with qualities for electrical engineering, the electronics industries and telecommunications particularly in demand.

In the 4th quarter Schwermetall Halbzeugwerk (ROLL) produced 32,000 tonnes (NA share: 50 %). At 244,000 tonnes the year's output was some 12 % less than in the previous year (276,000 tonnes). Schwermetall Halbzeugwerk was adversely impacted especially by the periodic decline in the coin strip business.

However, after a change in its business management, the company could meanwhile improve its market position despite the weak U.S. dollar. In fiscal year 2004/05 we expect unit sales to grow again.

Prymetall

In the 4th quarter, with an output of 21,000 tonnes of strip and wire, Prymetall succeeded in maintaining the production level of the strong 3rd quarter. In the last fiscal year 76,000 tonnes were produced, about 18 % up from the previous year's figure (64,000 tonnes).

Prymetall has a long-standing customer in the United Kingdom, E.I.P. Metals Ltd., Birmingham, which holds a significant market share in the United Kingdom. This company was undergoing restructuring and threatened to become insolvent due to the downtrend on the English semis market. Due to the importance of this customer for Prymetall, the assets of E.I.P. Metals Ltd. have been acquired effective 1 January 2005. The business operations are being relocated and continued from a new site in Birmingham. As a result of this step Prymetall will become the market leader in the sale of slitted strips made of copper and alloyed copper in the United Kingdom.

Prymetall's acquisition of E.I.P. has resulted in a one-time expense of € 3.75 million, which has arisen due to the provisional write-off of receivables against E.I.P.

Human resources

Fiscal year 2003/04 was again impacted by personnel adjustments. As of the balance sheet date the workforce in the NA Group had decreased from 3,386 by 201 to 3,185 employees compared with the previous year. The reduction is mainly the result of adjustments to personnel levels at NA AG including Lünen, Prymetall and Schwermetall Halbzeugwerk.

The performance enhancement programmes HK-dyNAmic reduced the number of personnel at the Lünen site once again by some 15 to 377 (excluding apprentices and employees on early retirement schemes). The number of employees at Prymetall in Stolberg amounted to 339 as at 30 September 2004. The reduction in the workforce resulted in a € 12 million decrease in personnel expenses throughout the Group to about € 180 million.

At the end of the fiscal year the NA Group had 214 young persons in apprenticeships in 15 trades and professions. This corresponds Group-wide to 6.7 % of the workforce. At NA AG in Hamburg the 150 apprentices make up 7.5 % of personnel.

In December 2004 the Supervisory Board passed a resolution on a new incentive programme for the Executive Board in the form of a virtual stock option plan as part of capital market oriented remuneration. This also includes managerial and senior staff. Accordingly they will be offered a remuneration component that may enable them to participate in the company's success if NA shares perform well and certain previously defined benchmarks are fulfilled.

The precondition for participation is that, depending on their respective level, the beneficiaries hold a certain number of NA shares.

Corporate Governance

On 30 October 2004 the act to improve investor protection came into force that redefines the obligation to ad hoc disclosures and the law on insider trading. We welcome these regulations to strengthen transparency and investor protection. In order to satisfy the new requirements in a comprehensive and timely manner, we immediately instructed our Compliance Officer to monitor and maintain an insider register.

Research and Development

The Research & Development work concentrated in particular on the development of processes to recover or discharge by-metals in NA's material flow. In so doing, NA is beginning to extend its service range on the raw material markets and further improve its performance in the production of copper and precious metals. We have already successfully optimised our processing routes, above all for nickel-bearing raw materials.

Operative and strategic measures to enhance performance

In the NA Group projects are being realised to enhance performance with a potential of about € 80 million.

More than 80% of the measures have already been implemented affecting net income. The remaining measures will have been fully implemented by 2006.

HK dyNAMic, Euro Copper at Prymetall and Top Plus at Schwermetall were completed in the year under review. In our strategic planning we are giving priority to internationalisation, the extension of the value added chain and an optimised portfolio. The possibility of launching on to the market in Asia, especially in China, is being examined from all aspects.

Outlook

The strong demand for copper worldwide will also continue in 2005. The rapid growth in the East Asian and North American markets is reflected in the fast growing demand for copper. We estimate that in 2005 copper demand will increase, also in Europe, where demand is at a high level anyway.

For NA, the improvement on the raw material and product markets will have a positive effect in the current fiscal year. Apart from extraordinary impacts in the 1st quarter, we expect to see business performance continue along the same positive trend as in the last fiscal year.

Financial calendar 2005

31 January 2005	Interim Report on 1 st Quarter 2004/05
31 January 2005	Annual Press Conference
31 January 2005	Analyst Conference
31 March 2005	Annual General Meeting
1 April 2005	Dividend Payment
10 May 2005	Interim Report on 2 nd Quarter 2004/05
16 August 2005	Interim Report on 3 rd Quarter 2004/05
29 October 2005	Open Day at the Hamburg Stock Exchange
20 December 2005	Unaudited Results of Fiscal Year 2004/05

Legal Notice:

Forward-looking Statements

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