

**NA Group Report
on the 1st quarter of fiscal year 2004/05
– 1 October to 31 December 2004 –**

Increasing revenues and profit

Hamburg, den 31 January 2005 – Norddeutsche Affinerie AG (NA) performed well in the 1st quarter. The pre-tax profit amounted to € 12 million (€ -7 million in the previous year). Revenues rose in the 1st quarter to € 666 million mainly due to higher metal prices (€ 472 million in the previous year).

Demand for NA's copper products from the main customer industries remains high and profit contributions also continue to be good. The copper price remained at a high level. This ensured that a wide range of raw materials was available. We are expecting the favourable trend to continue in the next few months. This will be additionally supported worldwide by a series of scheduled stoppages for general repairs at other copper smelters which process concentrates. Refining charges for copper scrap are currently declining slightly due to strong demand.

The copper stocks in the warehouses of the metal exchanges declined further. Market observers are in agreement that the copper shortage will persist while demand stays high and the copper price will remain at a high level.

Some 278,000 tonnes of copper concentrates (227,000 tonnes in the previous year) were processed. The cathode output amounted to 140,000 tonnes (106,000 tonnes in the previous year).

The production of copper products has stabilised at a high level. The output of wire rod increased slightly to 91,000 tonnes (89,000 tonnes in the previous year), while production of continuous cast shapes rose again, up 18 % to 65,000 tonnes (55,000 tonnes in the previous year).

Prymetall has increased its strip and wire output by 8 % to 16,000 tonnes (14,000 tonnes in the previous year). Sales in non-European export markets are, however, weighed down by the weak U.S. dollar.

All Group companies made profit contributions.

After publication of the unaudited results on 16 December 2004 and the recommended dividend of 65 cents per share, the NA share price rose continuously and reached € 15.70 on 25 January 2005, the highest closing price in Frankfurt to date. Market capitalisation was therefore about € 525 million.

Consolidated key figures (IFRS)		Fiscal year 2003/04	Fiscal year 2003/04	Fiscal year 2004/05
		12 months	3 months	3 months
Revenues	€m	2,481	472	666
Gross profit	€m	388	75	94
Personnel expenses	€m	180	44	45
Depreciation and amortisation	€m	70	15	13
EBITDA	€m	129	11	28
EBIT	€m	58	(4)	15
Earnings before taxes	€m	47	(7)	12
Net income	€m	25	(5)	7
Earnings per share	€	0.76	(0.14)	0.21
Gross cash flow	€m	118	10	25
Capital expenditure	€m	28	7	7
Copper price (average)	US\$/t	2,607	2,055	3,094
Number of employees (average)		3,206	3,308	3,150

NA Group's assets, financial situation and profitability

For fiscal year 2004/05 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 at 30 September 2004 are unchanged with the exception of the new regulation on the amortisation of goodwill in accordance with IFRS 3. The IAS 34 regulation concerning interim reports was observed.

Profitability

The NA Group's revenues were up in the first three months of the current fiscal year due, not only to increased unit sales, but also to metal prices. Revenues rose to € 666 million (€ 472 million in the previous year).

At € 94 million the gross profit exceeded the previous year (€ 75 million) by € 19 million. This reflects the continuation of the positive market trend of the year 2004 and the successful implementation of the performance enhancement programmes.

Personnel expenses totalling € 45 million are in line with the previous year's figure (€ 44 million). This includes expenditure for adjustments to staffing levels at NA AG in Hamburg.

Depreciation and amortisation declined slightly to € 13 million (€ 15 million in the previous year). Goodwill amortisation will not be recognised as of fiscal year 2004/05 due to a change in the IFRS regulations.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased substantially from € 11 million in the previous year to € 28 million. Earnings before interest and taxes (EBIT) at € 15 million also rose significantly (minus € 4 million in the previous year).

At € 12 million, the NA Group generated considerably higher pre-tax earnings than in the previous year (minus € 7 million). When comparing this with the negative result of the previous year, it must be taken into account that in October 2003 production in the concentrate processing facilities in Hamburg was discontinued due to the work on the capacity expansion.

The following factors impacted earnings in the 1st quarter of fiscal year 2004/05:

- The capacity of the concentrate processing facilities was fully utilised
- The spot market conditions have recovered as regards treatment and refining charges for copper concentrates; the conditions for long-term agreements are gradually following this trend
- The availability of copper scrap supplies has improved compared with the previous year, but is generally still tight
- Sales of continuous cast wire rod and shapes could be increased

- Prymetall/Schwermetall recorded significantly improved earnings compared with the previous year
- All the Group companies made profit contributions

The consolidated net income including minority interest in the amount of € 7 million was at a very satisfactory level (minus € 5 million in the previous year).

This results in earnings per share of € 0.21 (minus € 0.14 in the previous year).

Financial situation

Gross cash flow rose from € 10 million in the previous year to € 25 million in the first three months of fiscal year 2004/05 due to the improved earnings.

Inventories rose significantly as at 31 December 2004. This is due to the following: the usual rise in inventories of finished products in December and increased stocks of raw materials and intermediate products in preparation for the commissioning of the new silver electrolysis. The rise in metal prices has also had an impact.

Capital expenditure in the amount of € 7 million (€ 7 million in the previous year) mainly concerned the modernisation of the precious metal processing facilities as well as measures taken to improve environmental protection in the secondary smelter sector at NA AG in Hamburg.

Assets

Total assets were up € 45 million to € 1,035 million due to increased inventories.

Equity amounted to € 401 million as at 31 December 2004. Including minority interest, the equity ratio amounts to 39 %, which represents an unchanged sound equity basis for the NA Group.

Financial liabilities rose by € 12 million to € 182 million as a result of the higher inventories and the enhanced business volume. Trade accounts payable were up € 26 million to € 157 million. At 43 % gearing remained at an unchanged low level.

Copper market

The trend on the copper market in the 1st quarter was reflected in the considerable price volatility with the copper price still at an unchanged high level. After reaching a 15 year high of US\$ 3,287 per tonne, the quotations on the LME fell 13 % to US\$ 2,860 per tonne within a few days in October 2004. The other base metals were also affected and, consequently, also the share prices of international mining and metal enterprises.

The trend was triggered off, in particular, by profit-taking on the part of speculative investors. Fundamentally the copper market offered little reason for an about-turn. China continued to justify its role as the growth centre of the copper market despite all the announcements about a more subdued economic outlook. Cathode demand in the region remained high. Positive signals as regards demand also came from the U.S.A., in Europe demand was stable. The

global shortage of cathode supplies persisted. Although output increased, this was insufficient to cover the strongly rising demand. For this reason the global cathode market 2004 will probably show a deficit in the range of almost 900,000 tonnes.

The copper stocks in the warehouses of the metal exchanges declined further and in the course of the 1st quarter fell from 162,000 to 122,000 tonnes, i.e. by 25 %. The high backwardation for promptly available quantities was typical for the ongoing cathode shortage. Compared with the futures market (3 months), the backwardation amounted to US\$ 125 per tonne at year-end after reaching peaks of US\$ 150 per tonne in November 2004. The substantial rise in the cathode premiums for the annual contracts 2005 also reflected the fundamental shortage.

The sharp decline in the copper price at the beginning of October 2004 was just an interlude in view of the ongoing high international demand for cathodes. The weakness of the U.S. dollar also stabilised the copper quotation. At US\$ 3,279.50 per tonne, the copper price at year-end 2004 was only just under the year's high. In Euro, the copper price amounted to € 2,405 per tonne.

In 2005 the copper market will basically remain well supported. Market observers agree that the copper shortage will persist while demand remains strong.

Copper Production Segment

The uptrend of the last fiscal year also continued in the 1st quarter in the Copper Production Segment. The raw material markets are still viewed positively even if it is somewhat more difficult to obtain copper scrap supplies. Production focused on achieving the targeted concentrate throughput in Hamburg as well as the further optimisation of the KRS in Lünen.

Key figures in accordance with IFRS in € thousand	Fiscal year 2003/04 1 st quarter	Fiscal year 2004/05 1 st quarter
Revenues	283,606	519,520
EBIT	(6,499)	7,918
EBT	(7,963)	6,890

Revenues totalling € 519,520 thousand were significantly higher than in the previous year (€ 283,606 thousand). In addition to an increase in revenues from precious metals, this improvement was attributable, in particular, to a 32 % rise in cathode output with higher copper prices. Earnings before taxes (EBT) in the amount of € 6,890 thousand were also substantially higher compared with the previous year (minus € 7,963 thousand in the previous year). This rise reflects

the utilisation of the increased concentrate processing capacity as well as the improved situation as regards copper scrap processing.

Raw material markets

The market for copper concentrates was governed by an oversupply. The smelter capacities are fully utilised and the inventories of concentrates have substantially increased. The improved supply has also resulted in higher treatment and refining charges (TC/RCs). In the international market, TC/RCs for long-term supply agreements amounted to US\$ 85/t and ¢ 8.5/lb Cu in the 1st quarter, in the spot market more than US\$ 120/t and ¢ 12/lb Cu. We are expecting the favourable trend to continue in the next few months. This will be additionally affected by a series of scheduled standstills for general repairs at other copper smelters worldwide.

The market for copper scrap and alloy scrap was characterised by a slightly diminishing supply of materials after the temporary copper price decline in October as well as in the course of December 2004. At the same time, there was a rise in demand from European competitors and from Asia. The refining charges for copper scrap decreased a little while the conditions for the numerous other recycling materials stayed stable.

Cathodes and precious metals

NA AG (Hamburg)

In the last few months we have bought additional quantities of copper concentrates on the spot market in order to utilise the present favourable situation. As a result, we can already assume that we have an almost assured supply of concentrates in the current fiscal year. We are also well supplied with secondary materials.

The processing of copper concentrates reached an all-time high in the 1st quarter, totalling 278,100 tonnes (227,000 tonnes in the previous year). Since the Hamburg copper tankhouse was fully utilised, it was possible to pass on additional anodes to the copper tankhouse in Lünen.

The cathode output in Hamburg amounted to 93,700 tonnes in the 1st quarter and was thus clearly up on the output of 75,200 tonnes in the previous year which was adversely impacted by the production stoppage to enhance performance in the primary smelter.

In line with the good level of concentrate processing, NA produced 278,000 tonnes of sulphuric acid (215,000 tonnes in the previous year) in the 1st quarter. The market for sulphuric acid is still on an uptrend. The reason for this is the high global demand. In Europe, this is supported by the imminent closure of sulphuric acid production facilities in Norway at the beginning of February. We expect the favourable market conditions for sulphuric acid to continue in the current fiscal year.

The project to reduce emissions in the secondary smelter and improve the ambient air quality in NA's vicinity was brought to a successful conclusion.

Silver output at 193 tonnes was slightly down on the previous year's figure (206 tonnes). Production will increase significantly after the new silver electrolysis has been commissioned at the end of January 2005.

Gold output amounted to 5.5 tonnes (5.4 tonnes in the previous year).

NA AG (Lünen works)

The availability on the market enabled us to keep our recycling facilities fully supplied. In parallel, we have enhanced the recycling business further by treating industrial recycling materials. For the 2nd quarter we again expect supplies to be sufficient with satisfactory conditions.

The throughput in the Kayser Recycling System (KRS) continued its positive trend in the 1st quarter. Year-on-year the quantity treated rose 23 %. After scheduled maintenance at the end of December 2004, the KRS resumed operation on 13 January 2005.

The tankhouse was utilised to capacity. The cathode output of 46,000 tonnes was substantially higher than in the previous year (30,700 tonnes).

Copper Processing Segment

Year-on-year revenues were up in this segment from € 373,581 thousand to € 485,701 thousand, in particular, due to increased sales of wire rod and shapes. Earnings before taxes (EBT) also rose significantly to € 7,401 thousand (€ 1,035 thousand in the previous year).

Key figures in accordance with IFRS in € thousand	Fiscal year 2003/04	Fiscal year 2004/05
	1 st quarter	1 st quarter
Revenues	373,581	485,701
EBIT	2,228	8,909
EBT	1,035	7,401

Product markets

In the 1st quarter the demand for copper products from the main customer industries stabilised at a high level. It declined slightly at year-end due to the usual reduction of stocks at our customers at that time and production stoppages due to the public holidays. Our plants in Hamburg were well utilised, sales of

continuous cast wire rod and shapes were up substantially over the previous year's figure.

In the cable and wire industries, the installation cable sector is the main driver. Good capacity utilisation is also recorded for special cables, in particular for the capital goods industry. In contrast, demand from the telecommunications sector remained weak.

In the semis industry, impulses for higher demand came from the electrical engineering and electronics sectors. The problem child is still the German construction industry where demand is still not expected to pick up.

Since the semis industry is strongly export-oriented in contrast to the cable and wire industry, our customers are experiencing difficulties with their exports due to the weakness of the U.S. dollar. Our direct business in the dollar region is also affected.

We are confident that the decline in demand over the holiday period will pick up again in the coming weeks.

Continuous cast wire rod (ROD)

91,000 tonnes of wire rod were produced in the 1st quarter. This corresponds to a 3 % rise compared with the previous year (89,000 tonnes).

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

In the 1st quarter the continuous casting plants in Hamburg (CAST) had an output of 65,000 tonnes (55,000 tonnes in the previous year). Production rose 18 %.

Schwermetall Halbzeugwerk (ROLL) produced 59,000 tonnes of pre-rolled strip in the 1st quarter (NA share: 50 %), up 13 % over the previous year (52,000 tonnes).

Prymetall

In the 1st quarter Prymetall produced a total of 16,000 tonnes of strip and wire products, i.e. 8 % more than in the previous year (14,000 tonnes).

Effective 1 January 2005, Prymetall acquired the assets and the company name of E.I.P. Metals in the United Kingdom. E.I.P. Metals, as a service centre for strip products made of copper and copper alloys, is the market leader in the United Kingdom and a major customer of Prymetall's products. The company is now operating under the name EIP Metals Ltd.

Human resources

The NA Group had a total of 3,139 employees (3,271 in the previous year) at the end of the 1st quarter. The decrease of 132 employees is due to staff cuts, particularly at NA AG in Hamburg and Lünen, Prymetall and Schwermetall Halbzeugwerk.

On 31 December 2004 the number of apprentices in the NA Group amounted to 210 (208 in the previous year). Group-wide, 6.6 % of the workforce are in apprenticeships. At the end of February 2005 49 young people will finish their apprenticeships, of which 44 will be taken on and initially be given a fixed-term employment contract.

The NA Group symposium was held in Lünen at the end of October 2004. Developments on the raw material and copper markets as well as the prospects for the NA Group were discussed and new targets defined with the almost 200 members of senior staff from the Group attending.

In view of the dramatic consequences of the natural disaster in South East Asia, the Executive Board together with the Works Council started a collection for the victims of the seaquake. NA has trebled the donations of its employees, i.e. for each Euro donated by an employee the company has added two more Euros. A total of € 210,000 was collected for the flood victims. The money will be spent on concrete projects in Sri Lanka. We would like to thank the employees for their spontaneity and generosity.

Corporate Governance

On 26 January 2005 the Executive Board and Supervisory Board again submitted a Declaration of Conformity in accordance with Section 161 Companies Act.

Senior staff and the Executive Board are entitled to convertible bonds in the amount of € 1,037,312 from the fifth and last tranche of the stock option plan started in 1998. On maturity in spring 2005, these bonds can be exchanged for 405,200 NA shares in accordance with the bond conditions.

On 8 December 2004 the Supervisory Board decided 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 senior staff. The precondition for participation is that, depending on their level, the senior staff own a certain number of NA shares. Any dilution of the subscribed capital as a result of the issue of new shares as well as pressure on the NA share price during the conversion period will be avoided by arranging this as a virtual programme.

Research and Development

Our R&D work focuses on the optimisation of the material flow for the processing of complex raw materials and intermediates. Our targets are to shorten processing routes, achieve higher yields of valuable metals and improve product quality. Concrete investment projects, which are the result of these studies, are being planned.

Operational and strategic measures to improve earnings

The NA Group has identified a potential improvement in earnings of about € 80 million in the performance enhancement programme. Up to now, measures have been implemented with a contribution of some € 65 million.

The programmes at the subsidiaries have been completed. The remaining potential will be realised through the dyNAmic plus project at the Hamburg site.

As a reaction to the substantially increased energy prices in Germany, NA has begun a new energy saving programme that this time is being applied throughout the Group.

Outlook

The strong demand for copper will also continue in 2005. The robust growth on the East Asian and North American markets is reflected in the strongly growing demand for copper worldwide. We expect that copper demand in 2005 will also increase in Europe where consumption is in any case at a high level.

NA's good position on the raw material and product markets will be to its advantage in the current fiscal year. Overall, NA expects business performance to continue along the same positive trend as in the last fiscal year. Work on growth projects, in particular as regards the internationalisation of our business, is being pursued at full speed.

Financial calendar 2005

31 March 2005	Annual General Meeting
1 April 2005	Dividend payment
10 May 2005	Interim report on the 2 nd quarter 2004/05
16 August 2005	Interim report on the 3 rd quarter 2004/05
29 October 2005	Open Day at the Hamburg Stock Exchange
20 December 2005	Publication of unaudited results of fiscal 2004/05

Disclaimer

Forward-looking Statements

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

NA Group Consolidated Balance Sheet (IFRS) (in € thousand)	31.12.2004	30.09.2004
ASSETS		
Intangible assets	38,783	38,047
Property, plant and equipment	350,063	356,404
Investment property	141	141
Financial assets		
Interest in affiliated companies	300	300
Investments	603	603
Other financial assets	941	908
	1,844	1,811
Non-current assets	390,831	396,403
Inventories	428,865	326,364
Trade accounts receivable	119,748	161,682
Other receivables and assets	88,018	87,447
	207,766	249,129
Short-term security investments	200	967
Cash and cash equivalents	6,223	15,824
Current assets	643,054	592,284
Deferred tax assets	1,241	1,204
Total assets	1,035,126	989,891

NA Group Consolidated Balance Sheet (IFRS) (in € thousand)	31.12.2004	30.09.2004
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	85,528	85,528
Additional paid-in capital	29,409	29,409
Retained earnings	303,099	296,009
Changes in accumulated other comprehensive income	(16,688)	(6,136)
	401,348	404,810
Minority interest	4,678	4,323
Long-term provisions		
Pension liabilities	50,484	49,797
Deferred tax liabilities	37,033	43,027
Other long-term provisions	29,858	29,892
	117,375	122,716
Long-term liabilities		
Long-term financial liabilities	112,460	112,273
Other long-term liabilities	341	342
	112,801	112,615
Long-term provisions and liabilities	230,176	235,331
Other short-term provisions	70,849	75,574
Short-term liabilities		
Short-term financial liabilities	69,312	57,389
Trade accounts payable	157,069	131,495
Other short-term liabilities	101,694	80,969
	328,075	269,853
Short-term provisions and liabilities	398,924	345,427
	1,035,126	989,891

NA Group Consolidated Profit and Loss Account (IFRS) (in € thousand)	1st quarter 2004/05	1st quarter 2003/04
Revenues	666,042	471,753
Changes in inventories of finished goods and work in process	69,207	98,159
Own work capitalised	708	651
Other operating income	3,475	3,099
Cost of materials	(645,486)	(498,573)
Gross profit	93,946	75,089
Personnel expenses	(44,908)	(44,406)
Depreciation and amortisation	(13,168)	(15,250)
Other operating expenses	(20,915)	(19,899)
Result from investments	0	332
Net interest expense	(2,547)	(2,650)
Result from ordinary activities	12,408	(6,784)
Income taxes	4,963	2,340
Consolidated net income before minority interests	7,445	(4,444)
Income attributable to minority interests	(355)	(303)
Consolidated net income	7,090	(4,747)
Basic earnings per share (in €)	0.21	(0.14)
Diluted earnings per share (in €)	0.21	(0.14)

NA Group Consolidated Cash Flow Statement (in € thousand)	1st quarter 2004/05	1st quarter 2003/04
Result from ordinary activities	12,408	(6,784)
Depreciation and amortisation	13,168	15,250
Additions to current assets	0	(809)
Change in long-term provisions	653	903
Gain from the disposal of non-current assets	(2)	(45)
Result from investments	0	(332)
Net interest expense	2,547	2,650
Income taxes paid	(3,961)	(443)
Gross cash flow	24,813	10,390
Change in receivables and other assets, including short-term security investments	44,561	18,715
Change in inventories	(102,501)	(90,484)
Change in short-term provisions	(4,725)	(5,767)
Change in liabilities (excl. financial liabilities)	26,283	26,353
Cash outflow from operating activities (net cash flow)	(11,569)	(40,793)
Purchase of non-current assets	(6,543)	(7,326)
Payments for the acquisition of interest in subsidiaries	(1,105)	68
Proceeds from the disposal of non-current assets	54	310
Interest received	767	793
Dividends received	0	332
Cash outflow from investing activities	(6,827)	(5,823)
Proceeds from issuance of bonds and taking up financial liabilities	13,006	58,612
Payments from the redemption of bonds and financial liabilities	(897)	(9,240)
Interest paid	(3,314)	(3,443)
Cash inflow from financing activities	8,795	45,929
Net change in cash and cash equivalents	(9,601)	(687)
Cash and cash equivalents at beginning of period	15,824	11,008
Cash and cash equivalents at end of period	6,223	10,321

NA Group Consolidated Statement of Shareholders' Equity					
(in T€)	Subscribed capital	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income	Total equity
Balance as at 30.09.2003	84,593	27,101	270,850	3,941	386,485
Consolidated net income	-	-	(4,747)	-	(4,747)
Changes in accumulated other comprehensive income	-	-	-	14,319	14,319
Balance as at 31.12.2003	84,593	27,101	266,103	18,260	396,057
Balance as at 30.09.2004	85,528	29,409	296,009	(6,136)	404,810
Consolidated net income	-	-	7,090	-	7,090
Changes in accumulated other comprehensive income	-	-	-	(10,552)	(10,552)
Balance as at 31.12.2004	85,528	29,409	303,099	(16,688)	401,348

NA Group Segment Analysis								
(in € thousand)	Copper Production Segment		Copper Processing Segment		Other		Group total	
	1 st quarter 2004/05	1 st quarter 2003/04	1 st quarter 2004/05	1 st quarter 2003/04	1 st quarter 2004/05	1 st quarter 2003/04	1 st quarter 2004/05	1 st quarter 2003/04
Revenues								
Total revenues	519,520	283,606	485,701	373,581	242	112		
– Inter-segment revenues	334,425	178,861	4,996	6,685	0	0		
– Revenues with third parties	185,095	104,745	480,705	366,896	242	112	666,042	471,753
EBIT	7,918	(6,499)	8,909	2,228	(1,872)	137	14,955	(4,134)
Earnings before taxes	6,890	(7,963)	7,401	1,035	(1,883)	144	12,408	(6,784)

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