NA GROUP REPORT

Preliminary results for fiscal year 2007/08

1 October 2007 to 30 September 2008

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Management report

Norddeutsche Affinerie achieves its best ever annual earnings and raises its dividend

Hamburg, 17 December 2008 – Norddeutsche Affinerie AG (NA) has yet again significantly improved its earnings in the fiscal year 2007/08 ending on 30 September 2008. The preliminary earnings before taxes (EBT) increased to € 341 million (€ 251 million in the prior year). The earnings include positive one-off and valuation effects, of about € 73 million which mainly result from the reduction of metal inventories at Norddeutsche Affinerie AG. Revenues rose 30 % to € 8.385 billion (€ 6.469 billion in the prior year). A considerable contribution to the revenues and earnings was made by the full consolidation of Cumerio N.V./S.A. (Cumerio) since 1 March 2008 as well as the high commodity prices and shortage of metal. In view of the excellent earnings, the Executive Board and the Supervisory Board will recommend to the Annual General Meeting on 26 February 2009 the payment of a dividend of € 1.60 per share (€ 1.45 in the prior year).

Significant increase in revenues and EBT

The average copper price over the year of US$ 7,785/t was significantly higher than the prior-year figure of US$ 7,088/t. The high demand for copper could not be covered adequately, particularly in the first half-year, primarily due to the loss of production at mines and smelters. Economic developments, in particular, reduced the demand for copper in the further course of the fiscal year, resulting overall in an almost balanced ratio of supply and demand. The copper stocks in the warehouses of the London Metal Exchange (LME) increased as the year continued, but still remained at a comparably low level.

The raw material markets showed disparate trends. While as in the prior year only limited quantities of copper concentrates were available due to production disturbances at the mines, the supply situation on the recycling markets was very good. As a result, the development of the treatment and refining charges for copper concentrates was unsatisfactory, while the refining charges for recycled raw materials developed very well overall.

The Copper Production Segment, including Cumerio from March 2008 onwards, processed 1,606,000 tonnes (1,115,000 tonnes in the prior year) of copper concentrates. Cathode output rose to 852,000 tonnes (572,000 tonnes in the prior year). Sulphuric acid production increased to 1,600,000 tonnes (1,103,000 tonnes in the prior year).

In the Copper Processing Segment, growth declined towards the end of the fiscal year, following a positive start. The market trend for our main product, continuous cast wire rod, was very good, but was by contrast unsatisfactory for continuous cast shapes. Wire rod output, including Cumerio from March 2008 onwards, increased substantially to 718,000 tonnes (445,000 tonnes in the prior year). Shapes output fell to 222,000 tonnes (232,000 tonnes in the prior year).

The integration of Cumerio, which has been fully consolidated since 1 March 2008, is continuing successfully. The combination of the two companies has already resulted in the implementation of a considerable number of improvements. As a consequence, synergy effects of some € 5 million were recognised in income in the past fiscal year. Implementation of the medium-term synergy potential of more than € 40 million p.a. is progressing steadily.

1. CONSOLIDATED KEY FIGURES

before revaluation of LIFO inventories using the average cost method

		12 months 2006/07	12 months 2007/08 preliminary*	Difference in %
Revenues	€m	6,469	**8,385**	**+30**
Gross profit	€m	639	**894**	**+40**
Personnel expenses	€m	215	**266**	**+24**
Depreciation and amortisation	€m	58	**92**	**+59**
EBITDA	€m	318	**475**	**+49**
EBIT	€m	260	**383**	**+47**
EBT	€m	251	**341**	**+36**
Consolidated net income	€m	159	**237**	**+50**
Earnings per share	€	4.24	**5.82**	**+39**
Gross cash flow	€m	231	**403**	**+74**
Capital expenditure (excl. financial assets)	€m	94	**114**	**+21**
Copper price (average)	US$/t	7,088	**7,785**	**+10**
Employees (average)		3,219	**4,106**	**+28**

* incl. Cumerio as of 1 March 2008

2. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

The following report on the financial position and results of operations is a summary of the preliminary results. The complete report on the final audited financial statements will be published after approval by the Supervisory Board on 30 January 2009.

The consolidated financial statements of NA AG as at 30 September 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) that applied on the balance sheet date. The results of operations and net assets, however, initially ignore the effects of the revaluation of LIFO inventories using the average cost method, which are then reported separately.

In fiscal year 2007/08 NA completed the takeover of the Belgian copper producer Cumerio. The shares were acquired successively, whereby 29.1 % had already been acquired by 30 September 2007. The remaining 70.9 % of the shares passed into the ownership of the NA Group with effect from 29 February 2008. Thus, the number of consolidated subsidiaries increased by seven as of 29 February 2008. These are as follows:

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

KPP Kraftwerk Peute Projekmanagementgesellschaft GmbH & Co. KG was deconsolidated since it was sold on 20 December 2007.

Results of operations

The NA Group again generated exceptionally good results in the fourth quarter, so that earnings before taxes (EBT) amounted to € 341 million (€ 251 million in the prior year).

The overall very successful business performance was influenced inter alia by the following factors:

- Constantly good production rate of metals at high metal prices
- Lower treatment and refining charges for processed copper concentrates than in the prior year but considerably above market level
- Very good level of refining charges for scrap and other recycled materials
- Positive results from backwardation and reduced inventories
- Higher prices for sulphuric acid

- Increased cathode output
- Higher volume of sales and increased revenues for wire rod
- Profit contribution from subsidiaries at the level of the prior year
- Profit contributions from Cumerio despite high write-downs on metal inventories
- Increased personnel expenses due to a higher number of employees because of the inclusion of Cumerio, tariff wage-scale increases and restructuring measures

Group revenues rose to € 8,385 million, compared with € 6,469 million in the prior year. The increase is mainly attributable to the contribution from Cumerio.

At € 894 million, the gross profit was clearly up on the prior-year result of € 639 million and reflects the very good business performance, the consolidation of Cumerio and the aforementioned effects.

Personnel expenses rose from € 215 in the prior year to € 266 million, primarily on account of the significantly higher number of employees due to the Cumerio takeover and increased production in the rest of the group. This item also includes tariff wage-scale increases and restructuring costs at Cumerio.

Depreciation and amortisation totalling € 92 million was also up on the prior year (€ 58 million). Depreciation increased as well in the Cumerio companies, in particular, on account of the revaluation of property, plant and equipment due to the purchase price allocation at Cumerio.

The very good earnings situation resulted in earnings before interest, taxes, depreciation and amortisation (EBITDA) of € 475 million, up from the already high level of € 318 million in the prior year. Earnings before interest and taxes (EBIT) reached € 383 million, compared with € 260 million in the prior year.

After deducting net interest and tax expense, consolidated net income amounted to € 237 million (€ 159 million in the prior year). The increase in net interest expense included in this figure results from the financing of the shares acquired in Cumerio as well as its first-time consolidation. At the same time the tax rate was reduced from 36.7 % to 30.4 % on account of the Corporate Tax Reform Law 2008 and the tax-neutral release of negative goodwill

Tax rate at 30 %

After elimination of the minority interest, earnings per share amounted to € 5.82, compared with € 4.24 for the prior year.

Financial position and capital expenditure

The extraordinarily high earnings before interest, taxes, depreciation and amortisation resulted in an increase in gross cash flow to € 403 million (€ 231 million in the prior year). This was due to the reduced tax rate in the group as well as the cash flow of Cumerio that is included. The strong cash flow enabled the credit lines, which were taken up in conjunction with the acquisition of Cumerio, to be significantly reduced in the course of the fiscal year. Instead of the increase of € 300 million in capital originally planned to finance the acquisition of Cumerio, a limited capital measure in the amount of 10 % was carried out on 9 November 2007. The resultant proceeds of € 98 million have strengthened our equity basis long-term. This effect was reinforced by the allocation of € 59 million to the revenue reserves from the consolidated net income of fiscal year 2006/07 so that further capital measures were waived.

Capital expenditure totalled € 114 million in the reporting period (€ 94 million in the prior year) and primarily focused on expansions in the concentrate processing facilities and measures to optimise the Hamburg rod plant. In addition, we invested in various smaller projects, such as the expansion of the electronic scrap processing, and in infrastructure measures. At Cumerio, capital expenditure focused on the new tankhouse in Pirdop that was commissioned in July. The cash outflow for the acquisition of shares in Cumerio in the past fiscal year amounted to € 525 million.

Effects on valuation due to the new version of IAS 2

In accordance with IAS 2, all inventories have to be measured applying the average cost method. This can cause considerable discontinuity in the NA Group due to changes in the carrying amounts and it is very difficult to make comparisons with earlier periods. These are, however, unrealistic results, which give an economically incorrect impression of the results of operations, financial position and net assets. For this reason, the results of operations, financial position and net assets of the NA Group are being reported up to this point on the basis of the LIFO method which is applied by the management for controlling purposes.

The changes in the NA Group’s results of operations, financial position and net assets resulting solely from revaluation effects due to the new version of IAS 2 will now be discussed separately below:

Results of operations

EBT, EBIT and EBITDA are each reduced by € 98 million as a result of the application of the average cost method. In the prior year, each figure was by contrast € 56 million higher than the amounts based on the LIFO method. After including deferred taxes, the consolidated net income is € 66 million lower after application of the average cost method. It was € 65 million higher than the LIFO figure in the prior year.

After taking into account the minority interest in consolidated net income, the revaluation results in earnings per share that are € 1.64 lower (€ 1.74 higher in the prior year).

Financial position

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

3. COPPER MARKET

The global financial crisis with its risks for global economic growth had a comparably late impact on the markets for industrial metals. The prices for copper on the London Metal Exchange (LME) remained at the very high level of mostly above US$ 8,000/t (settlement) until the summer. The prices however came under pressure from August onwards, which intensified in September. Price volatility increased. The lowest copper price in the fiscal year of US$ 6,419/t was recorded on 30 September 2008, while the metal reached its highest price of US$ 8,985/t in July. The average quotation for copper in fiscal year 2007/08 was a settlement price of US$ 7,785/t (US$ 7,088/t in the prior year). With few exceptions, the cash quotations remained higher than the forward prices (backwardation).

The market's fundamental situation, in particular, was initially responsible for the price performance. The copper producers were unable to ensure a sufficient market supply of refined copper in the course of the year despite capacity expansions. Statistically, there was still a production deficit of about 130,000 tonnes for the first half of 2008, primarily due to production losses at mines and smelters on account of strikes, energy and water supply problems as well as scheduled stoppages for maintenance and technical difficulties. In the first half of 2008, capacity utilisation only amounted to 83 % at the mines and 82 % at the smelters.

This output compared with copper demand that remained stable overall in the fiscal year despite facing the first dampeners as a result of the declining economic growth worldwide. There were, however, clear regional differences. While copper demand in China continued to grow strongly, mainly due to capital expenditure on infrastructure, it declined significantly by 4 % in the first half of 2008, inter alia in the U.S.A. Demand in the 15 core EU countries also fell. Copper demand in Germany sank by some 3 % after the very good prior year. By contrast, copper demand in the Southeast European countries, which have become more important for NA since the Cumerio takeover, continued to grow.

The copper stocks in the warehouses of the international metal exchanges were subjected to major changes during the fiscal year, but remained low when compared over several years. They fluctuated between 170,000 tonnes and 240,000 tonnes. From August onwards, stocks in the European LME warehouses tended to rise, whereby the seasonal effects of summer plant shutdowns in the processing sector were accompanied by economic factors.

Funds and other capital investors exercised a significant influence on the price performance on the raw material markets in the fiscal year. After initially investing in commodities, substantial disinvestments were observed from August onwards, which also affected copper.

The valuation of the U.S. dollar against other currencies likewise had an effect. While the initial weakness of the American reserve currency encouraged investments in dollar-quoted commodities, the recovery of the U.S. dollar subsequently caused the interest in commodity investments to decline.

4. OPERATING SEGMENTS

COPPER PRODUCTION SEGMENT

The Copper Production Segment produces various qualities of copper cathodes and precious metals from the primary raw materials, copper concentrates and blister copper, as well as recycled raw materials. The main production sites are Hamburg (Germany), Pirdop (Bulgaria), Olen (Belgium) and Lünen (Germany).

The entire fiscal year was characterised by a very good supply of raw materials and a high production output with mainly firm metal prices; this also applied to the fourth quarter.

Raw material markets

The market for copper concentrates was characterised by high demand and low treatment and refining charges throughout the fiscal year. In particular, technical difficulties at some major mines resulted in significant production losses. This notwithstanding, the international copper smelters managed to utilise their facilities almost to capacity.

The market supply for other raw materials, such as blister copper and intermediates from other smelters, was at a high level. The availability of precious metal-bearing raw materials was also good, especially on account of the high metal prices.

The metal scrap and recycling markets showed very positive trends throughout most of the fiscal year. The market only weakened towards the end of the fiscal year as a result of the declining copper prices. However, this did not have any noticeable effect on the availability of copper scrap, alloy scrap and recycled materials. The market supply of modern recycled materials, such as electronic scrap and the scrapping of other consumer durables from the end-of-life sector was extremely positive. Although competitors from overseas, in particular the Far East, were active, their influence in the European markets remained limited. NA benefited from the resolute pursuance of its strategy of maintaining extensive processing possibilities for a variety of different recycled raw materials.

Cathodes, precious metals and sulphuric acid

A total of 852,000 tonnes of copper cathodes (572,000 tonnes in the prior year) were produced in the Copper Production Segment. The production figures for the fiscal year include Cumerio's contributions since March 2008.

As the by-product of concentrate processing, 1,600,000 tonnes of sulphuric acid were produced (1,103,000 tonnes in the prior year) and sold in the sulphuric acid market at very good conditions.

Silver and gold output rose slightly compared with the prior year, and 1,278 tonnes of silver (1,255 tonnes in the prior year) and 34.4 tonnes of gold (33.5 tonnes in the prior year) were produced.

Hamburg

The Hamburg concentrate processing facilities were very well supplied with copper concentrates and recycled materials throughout the fiscal year. At the same time, the treatment and refining charges were substantially higher than the respective market level on account of our long-term oriented procurement strategy.

In the fourth quarter, 275,000 tonnes of copper concentrates (278,000 tonnes in the prior year) were processed. On 30 September 2008 the obligatory maintenance work began which is scheduled every three years in part of the primary smelter off-gas cleaning system. The resultant decommissioning of the concentrate processing was used again to perform further maintenance and make improvements. Accumulated, 1,087,000 tonnes of copper concentrates were processed (1,115,000 tonnes in the prior year).

In line with the concentrate throughput, 280,000 tonnes of sulphuric acid were produced in the fourth quarter (269,000 tonnes in the prior year). The total output amounted to 1,088,000 tonnes (1,103,000 tonnes in the prior year).

In the fourth quarter, the Hamburg tankhouse exactly matched the prior-year cathode output of 96,000 tonnes. An all-time high of 382,000 tonnes of cathodes (380,000 tonnes in the prior year) was recorded overall.

The precious metal facilities were again very well utilised in the fourth quarter; 338 tonnes of silver (340 tonnes in the prior year) and 9.4 tonnes of gold (8 tonnes in the prior year) were produced.

Pirdop

We processed 223,000 tonnes of copper concentrates in our Bulgarian primary smelter. The throughput from the first-time consolidation in March until the end of the fiscal year amounted to 519,000 tonnes of copper concentrates. Further scheduled maintenance work was necessary in September after completion of the maintenance work in the third quarter. This did not affect the full utilisation of the tankhouses in Pirdop and Olen, which were partly supplied with anodes from Pirdop.

In line with the quantity of processed concentrates, 214,000 tonnes of sulphuric acid were produced in the fourth quarter and a total of 513,000 tonnes since March.

After successfully commissioning the new tankhouse as of 1 July 2008, its nominal capacity of 180,000 tonnes of cathodes per annum had already been reached by the end of the fiscal year.

A total of 42,000 tonnes of cathodes was produced in the old tankhouse that is still operated and in the new one. Since March, Pirdop has contributed 65,000 tonnes of cathodes to the group's total output. The closedown of the old tankhouse has already begun as planned.

Lünen

The Lünen recycling plant could be fully utilised in the last fiscal year due to the very good supply of raw materials. Material throughput of the Kayser Recycling System (KRS) was at an all-time record level of 223,000 tonnes (220,000 tonnes in the prior year). The KRS throughput in the fourth quarter amounted to 62,000 tonnes (63,000 tonnes in the prior year).

The Lünen tankhouse achieved a record output of 203,000 tonnes of cathodes (191,000 tonnes in the prior year). In the last quarter it also reached a peak of 52,000 tonnes (49,000 tonnes in the prior year).

Olen

Cathode output in Belgium also reached the limit of its capacity in the fourth quarter, when the Olen tankhouse produced 88,000 tonnes of cathodes. Accumulated cathode output amounted to 203,000 tonnes.

COPPER PROCESSING SEGMENT

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

Product markets

Demand for copper products showed disparate trends in 2008. There were significant differences depending on the region and the situation in the respective customer industries.

The demand for copper wire rod that prevailed in the first few months of the year from the cable and wire industries weakened slightly in the course of the year. Southern Europe was affected by this first.

The global economic slowdown that has started to emerge since the summer also affected some sectors of our customer industries: the slight decline in demand for consumer durables in the euro region primarily hit the automotive and white goods and thus the enamelled wire market. By contrast, the energy sector was stable: infrastructure projects that had been planned long-term were realised, new projects, such as offshore wind parks, resulted in additional demand. The energy sector is still the main driver for demand for wire rod.

The environment in the semis industry, as the customer of our continuous cast products, was difficult in 2008. Demand for rolled products for the electrical engineering and electronics industry remained at a stable high level. The weak U.S. dollar by contrast weighed on exports, in particular of flat products. Demand from the Asian region was also unable to maintain the growth of the prior year at times. The sanitary pipe and roofing sectors continued to be subject to substitution effects.

Wire rod (rod)

In fiscal year 2007/08 we once again enhanced our market position in a heterogeneous market environment for wire rod. A total of 718,000 tonnes (445,000 tonnes in the prior year) was produced in the four group rod plants. This figure includes Cumerio's output since the consolidation in March 2008. Signs of a decline in demand started to emerge in the fourth quarter of the fiscal year. The output of 199,000 tonnes was above that of the comparable prior year period (109,000 tonnes) on account of the inclusion of Cumerio's output.

In our core market, we benefited overall from our broad customer base that includes various customer industries and is therefore subject to different demand cycles.

Hamburg / Emmerich

The two German works produced 473,000 tonnes in the fiscal year, an increase of 6 % compared with the prior year (445,000 tonnes) and an all-time high. Output in the fourth quarter at 110,000 tonnes almost matched the prior year level (108,000 tonnes), reflecting the slowdown in demand that has become apparent since the summer.

Olen / Avellino

The rod plants in Belgium and Italy have produced 245,000 tonnes since the consolidation of Cumerio in March 2008. Output in the fourth quarter amounted to 89,000 tonnes. In particular, the considerably weaker economic situation in Italy led to a 9 % decline in production there compared with the prior year.

Continuous cast shapes (Cast)

Output of high-grade cast products (billets and cakes) in our continuous casting plants in Hamburg and Olen totalling 222,000 tonnes fell short of the prior-year level (232,000 tonnes). This was due to the difficult general environment. Some 55,000 tonnes were produced in the fourth quarter of the fiscal year (49,000 tonnes in the prior year).

In its business with continuous cast shapes, NA is resolutely focusing on products with a stronger profit margin.

Hamburg

In the Hamburg continuous casting plants, 45,000 tonnes of billets and cakes were produced in the fourth quarter, a 7 % decrease compared with the prior year (49,000 tonnes). Altogether 189,000 tonnes were produced (232,000 tonnes in the prior year).

Olen

The plant in Belgium produced 10,000 tonnes in the fourth quarter. At 20 % the decline in demand was even stronger than in the prior year. The accumulated output since March amounted to 33,000 tonnes. Production of shapes in Olen is being discontinued due to the poor capacity utilisation.

Pre-rolled strip (Schwermetall Halbzeugwerk)

Schwermetall Halbzeugwerk (50 % NA holding) produced a total of 216,000 tonnes, which was thus 10 % less than the prior-year figure (239,000 tonnes). Capacity utilisation was low above all in the final quarter of the fiscal year due to weaker demand in the automotive, electrical engineering and electronics sectors. Processing revenues remained at a high level on account of price increases and a high-grade product mix and compensated for the reduced output to a great degree.

Schwermetall exploited the conditions on the metal markets positively and generated additional revenues.

Strip and wire (Prymetall)

Some 60,000 tonnes of strip and wire products were produced at Prymetall in the last fiscal year, 3 % down on the prior year (62,000 tonnes). The conversion of the product portfolio from volume products with weak margins to high-value semi-finished products has thus been completed. In the fourth quarter, 15,000 tonnes of semis were produced (14,000 tonnes in the prior year).

The business performance in the fiscal year was very positive. Prymetall succeeded in gaining market shares long-term, particularly in the automotive and electrical engineering industries. The cable industry also provided fresh momentum. New partly licensed alloys have made a significant contribution to the business success for the first time. The company's reorientation to markets with technically higher demands will also be continued in future.

The slitting centres in Great Britain (EIP Metals Ltd.) and in Slovakia (Prymetall Slovakia s.r.o.) have likewise developed well.

5. HUMAN RESOURCES

The group had 4,764 employees including trainees and apprentices at the end of the fiscal year (3,284 in the prior year). The substantial increase is mainly due to the inclusion of Cumerio (1,408 employees).

The NA Group employees are spread over the following countries: Germany (3,319), Bulgaria (762), Belgium (502), Italy (102), Switzerland (40), England (28), Slovakia (9) and Turkey (2). Group-wide, 70 % of the workforce is employed in Germany and 30 % in other European countries.

Personnel expenses are € 50.6 million up on the prior year. This is likewise mainly due to the inclusion of Cumerio, as well as tariff wage-scale increases and higher labour costs on account of increased production, particular at NA AG.

NA still takes its responsibility very seriously as an important training facility for young people. With 260 trainees and apprentices in the German companies at the fiscal year-end, the percentage of trainees and apprentices in the workforce was again increased from 7.5 % in the prior year to the current level of 7.8 %.

6. RESEARCH & DEVELOPMENT

Against the background of the increasing complexity of raw materials, the research and development sector focused on the investigation of the influence of by-elements on the processes and products in primary copper production in the reporting period. By-metals represented a further focal point; their extraction from intermediates was investigated in detail. In the copper product sector, the production technology for high-performance alloys was developed and further improved. The development of the CIS solar cell continued. The decision on the setting up of a production line has been delayed due to technical difficulties in the pilot plant.

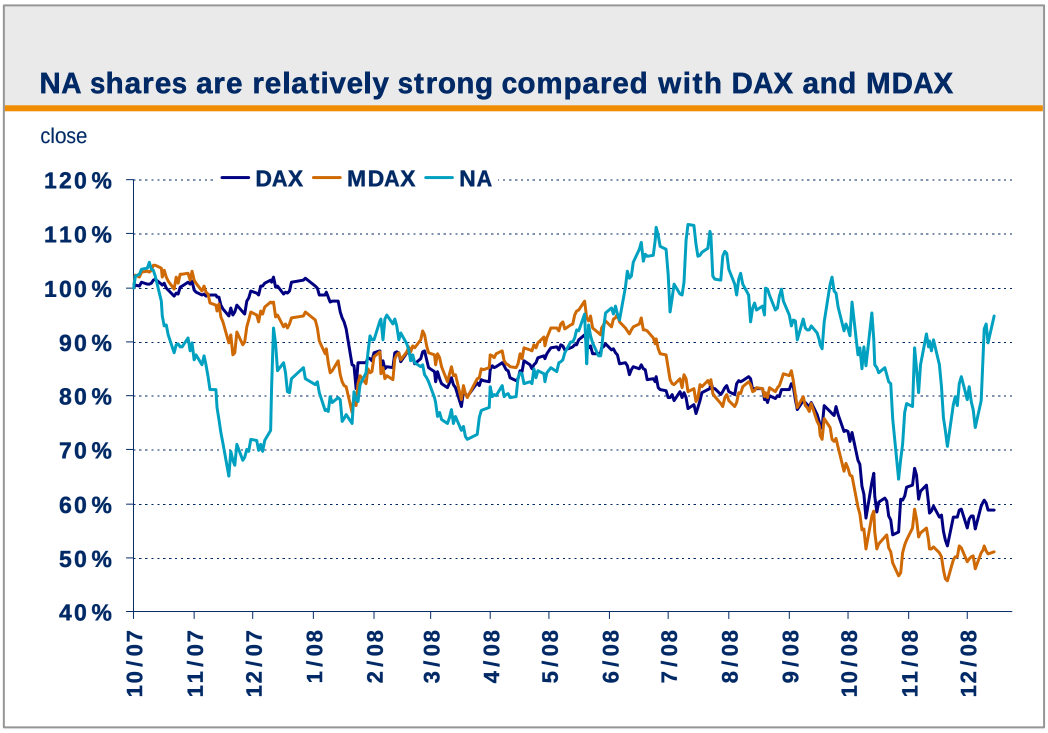
7. NA SHARES

The performance of the NA share price was affected above all by the Cumerio takeover and the global financial crisis. This was accompanied by significant changes in the shareholder structure: following the subsequent prohibition of the acquisition of NA shares held by A-TEC Industries by the Federal Cartel Office, A-TEC Industries ceased to be an NA shareholder. Further large share blocks of about 5 % each were likewise sold by the Free and Hanseatic City of Hamburg and HSH Nordbank AG. NA has emerged strengthened from the change in the shareholder structure with Salzgitter AG as its new major shareholder. Salzgitter held 17.6 % of NA shares at the end of the fiscal year.

Overall, NA shares have proved to be relatively resistant at a time of great pressure on the stock markets.

The NA share price at the beginning of the fiscal year amounted to € 32.14. A 10 % increase in capital was carried out on 9 November 2007. On 19 November 2007 NA shares fell to a low for the year of € 21.00 as a result of the general weakness of the stock markets. The positive business performance and the resultant good quarterly results however caused the share price to rally to its old level. Following the announcement that Salzgitter AG had acquired 5.8 % of the shares in a first step and the resultant takeover speculations, the price rose to € 38.69 on 10 July 2008, its highest level since the IPO ten years ago.

As a result of the Chapter 11 insolvency of Lehman Brothers on 15 September 2008 and the precarious business situation of various other financial institutes, the capital markets nosedived. The DAX fell by altogether 26 % in total, and the MDAX by 33 %. Despite this turbulence, NA shares remained stable and only declined by 7 %. At the fiscal year-end, NA shares closed at € 30.15, almost unchanged compared with the closing price of the previous fiscal year.



8. CORPORATE GOVERNANCE

At its meeting on 18 September 2008, the Supervisory Board appointed Mr Erwin Faust as the company's Chief Financial Officer with effect from 1 October 2008.

The action of nullity and alternatively the appeal filed by a shareholder against the resolutions passed at the Annual General Meeting on 29 February 2008 at the Hamburg District Court, Chamber for Commercial Matters, were withdrawn.

The Higher Regional Court of Dusseldorf decided in favour of the Federal Cartel Office on 12 November 2008 in the cartel administrative procedure instigated by A-TEC Industries AG against the decision of the Federal Cartel Office of 27 February 2008 and rejected the action filed by A-TEC.

9. OPERATING AND STRATEGIC MEASURES FOR BUSINESS DEVELOPMENT

As a result of its Europe-wide expansion, NA/Cumerio has significantly broadened the group's network of sites and at the same time gained additional market, product and process know-how. We are now using this reinforced basis to achieve further continuous improvements through internal benchmarking and technical exchanges. In addition to quantitative aspects, such as the expansion of the capacities, qualitative parameters, such as flexible utilisation of the production units, are also becoming important. At the same time, we are working on strategic development beyond the existing corporate limits.

Continuous improvement is also the main aim of the integration

A significant cornerstone of our strategic initiatives is the continuous increase in productivity in the production facilities. It is particularly in these sectors that we have succeeded in developing significant potential by implementing projects from the NA Lead performance enhancement programme and the systematic exchange of experiences with the best plant and process-related technologies within the framework of our extensive integration project.

Overall, we expect synergy effects from the integration in the range of at least € 40 million, of which improvements in earnings of some € 5 million could already be achieved in the last fiscal year following the successful acquisition at the end of February. In order to implement projects even more effectively in future, we have developed a Project Management Excellence System that will be launched at all group sites at the beginning of 2009.

We have introduced structural measures in addition to the purely functional and operational integration so that we will be equipped strategically for further growth.

10. RISK AND OPPORTUNITY MANAGEMENT

We do not see any significant structural changes in the risks and opportunities compared with the previous fiscal year. We constantly monitor the current developments on the financial and capital markets. We likewise carefully observe the situation of our receivables and the movements on the raw material and currency markets. We have reflected the increased size of the group since the acquisition of Cumerio with an enhanced risk management system. Implementation of the measures has started. Our risk and opportunity management system continues to be an appropriate instrument for controlling the relevant topics in the expanded NA Group.

11. OUTLOOK

The tension on the international financial markets has increased since the end of fiscal year 2007/08. Thus, a significant deterioration in the economic situation is expected in the Western industrial nations. The U.S. economy has been stuck in a recession for a year. Investment and consumption have slowed down substantially. In the euro region, the economists were still assuming until October 2008 that the economy would grow slightly in 2009, but it is meanwhile clear that the impact of the global economic downswing will be greater than originally expected. Since November more and more experts believe that it is possible that the European economy will shrink.

Governments worldwide have responded to the critical trend with extensive interest rate reductions and massive support programmes to improve liquidity and stimulate the economy. By contrast, China wants to achieve economic growth of at least 8 % in 2009 despite the global economic stagnation and is supporting this with a massive package of measures, initially to be applied for two years. These also include, first and foremost, increased capital expenditure in the raw material-intensive infrastructure. According to the OECD, most countries should be back on a growth curve in 2010.

Raw material markets

In the new fiscal year, we assume divergent trends for the raw materials that are relevant for us. We expect treatment and refining charges to recover on account of the improved availability of copper concentrates and the resultant higher treatment and refining charges in the spot market. Already well-advanced mining projects will produce additional concentrate quantities in 2009. Only those mining projects that are in very early planning phases are being currently postponed on account of the low copper price. The prices for sulphuric acid have currently declined considerably due to the lower demand, especially for leaching processes and the fertiliser industry.

The supply and the refining charges for copper scrap are more closely connected to the trend in the copper price and will probably not improve notably until the copper prices increase again. We expect a positive trend in the availability and margins for complex recycled raw materials.

Copper market

On the copper market, the intensifying financial crisis and the deterioration in the economic climate worldwide have resulted in a substantial fall in prices. Other non-ferrous metals have also been affected. Copper prices on the London Metal Exchange fell from US$ 6,379/t to US$ 3,075/t (settlement) between the beginning of October and mid-December. The forward structure of the prices has normalised with the return of contango, which means that the forward prices are higher than the cash prices.

Parallel to the simultaneous economic downturn in many countries, investors believe that the prospects for global metal demand have declined severely. This has induced them to withdraw from the commodity sector and has also burdened the copper market. The copper-processing industries in Europe and North America are confronted by reduced order receipts, depending on the business sector and varying from one region to another, and have adopted a wait-and-see attitude in recent weeks in view of the uncertainties in the economic climate. This is expressed by defensive procurement policies and the minimisation of inventories that is in any case normal at the end of the year. As a consequence, the copper stocks in the warehouses of the metal exchanges have risen since the beginning of October from about 224,000 tonnes to 352,000 tonnes mid December, of which 42 % is currently in European, 26 % in Asian and 32 % in U.S. warehouses. The trading volume on the metal exchanges has declined substantially.

Although reduced demand has also been registered in China, which accounts for some 27 % of global copper demand and is therefore the biggest single market for copper, the country clearly stands out from the subdued trend in demand of Western countries. Investment in the raw material-intensive infrastructure is continuing, boosted by the most extensive economic programme in the country's history. The economic package is supported by relaxed monetary policies and export benefits, inter alia for copper products. The national State Reserve Bureau (SRB), which manages China's strategic raw material reserve, also plans substantial copper purchases to support domestic industry. These purchases are estimated at 200,000 to 400,000 tonnes. China's copper demand should therefore also increase considerably in 2009 and be correspondingly high.

The output of refined copper reflected comparably low capacity utilisation in 2008, due among other factors to technical and economic problems or maintenance-related standstills. These impacts will also impair copper production in 2009. This will also be exacerbated by the announced production cutbacks in the Chinese and Japanese smelter industry. These probable production restrictions are currently attracting little attention, but could again cause the supply to fall and consequently the surplus expected in 2009 to decline or even disappear. On this basis, we expect a significant recovery of the copper price from the currently too low level.

Product markets

The current situation on the product markets is affected by uncertainty. Order intake is currently at a substantially lower level. Stocks at processors are being reduced to a minimum for year-end. We do not expect demand to improve until the beginning of 2009. Overall, we expect a decrease in unit sales compared with the excellent business trend of the last fiscal year. Our better regional setup in Europe, improved product mix and the stable business trend in the important sales market, energy, will, however, have a stabilising impact on our business performance.

Expected earnings

Following the outstanding results of the last fiscal year, we initially expect earnings to be significantly weaker in the first quarter. The lower copper prices in recent weeks will result in a devaluation of the inventories in the Cumerio group, which were increased as part of the purchase price allocation at market values. This devaluation does not affect cash flow, but has a negative valuation effect on income.

Utilisation of our copper production facilities will be lower on account of the scheduled maintenance standstill in October 2008 and, possibly, somewhat lower quantities of copper scrap. We expect business performance to stabilise as the fiscal year continues, even if it is at a weaker level than in the prior year. The trend will also be affected by the changes on the copper market in the new fiscal year. This relates both to temporary valuation effects and to the development of margins, in particular in the copper scrap market.

FINANCIAL CALENDAR

Publication of final results for fiscal 2007/08	30 January 2009
Interim report on the first 3 months of fiscal 2008/09	12 February 2009
DVFA analyst conference	12 February 2009
Annual press conference	12 February 2009
Annual General Meeting	26 February 2009
Dividend payment	27 February 2009
Interim report on first 6 months	13 May 2009
Interim report on first 9 months	12 August 2009
Publication of preliminary results for fiscal 2008/09	16 December 2009

INVESTOR RELATIONS CONTACT

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

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

GROUP COMMUNICATIONS CONTACT

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

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

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.