

Interim report January to March 2011



Graphit Kropfmühl AG

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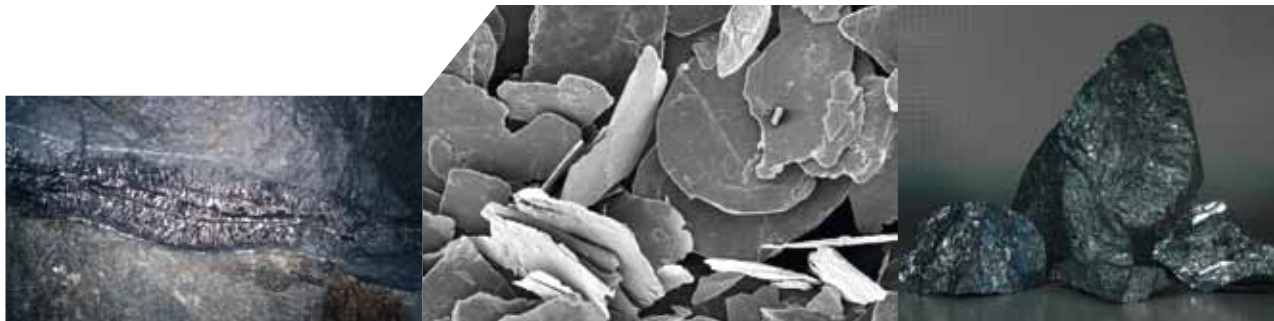
AMG Advanced Metallurgical Group N.V.

GRAPHIT KROPMÜHL AG – Financial Highlights

Group January to March		2011	2010	Change
Total sales	in TEUR	30,898	21,626	42.9 %
EBITDA ¹	in TEUR	4,641	1,341	> 100.0 %
EBIT	in TEUR	3,862	365	> 100.0 %
EBT	in TEUR	3,411	140	> 100.0 %
Consolidated earnings for the year	in TEUR	2,448	67	> 100.0 %
Cashflow from ordinary business activities	in TEUR	2,896	- 1,039	not stated
Investments	in TEUR	844	708	19.2 %
Balance sheet total ²	in TEUR	75,510	70,276	7.4 %
Stockholders equity ²	in TEUR	27,203	23,094	17.8 %
Equity ratio ²	in %	36.0	32.9	
Net debt ²	in TEUR	17,809	20,544	- 13.3 %
Employees (March 31)		492	486	1.2 %
Profitability				
		2011	2010	Change
EBITDA margin ¹	in %	15.0	6.2	
EBIT margin	in %	12.5	1.7	
Return on sales	in %	11.0	0.6	
Return on equity	in %	9.0	0.3	
Silicon-metal segment				
		2011	2010	Change
Sales	in TEUR	20,173	14,866	35.7 %
Segment share of total sales	in %	65.3	68.7	
EBITDA ¹	in TEUR	3,664	608	> 100.0 %
EBIT	in TEUR	3,266	199	> 100.0 %
EBT	in TEUR	3,222	78	> 100.0 %
Employees (March 31)		108	108	0.0 %
Graphite segment				
		2011	2010	Change
Sales	in TEUR	10,725	6,760	58.7 %
Segment share of total sales	in %	34.7	31.3	
EBITDA ¹	in TEUR	977	733	33.3 %
EBIT	in TEUR	596	166	> 100.0 %
EBT	in TEUR	189	62	> 100.0 %
Employees (March 31)		384	378	1.6 %
Share				
		2011	2010	Change
Earnings	in EUR	0.85	0.02	> 100.0 %
Cashflow from ordinary business activities	in EUR	1.01	- 0.36	not stated

¹⁾ Adjusted EBITDA before restructuring measures, foreign exchange result, and expenses for recultivation

²⁾ Balance sheet values each refer to the accounting date of the reporting period (31 March)



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Forward-looking statements

This interim report contains statements about future developments that are based on currently available information and may involve risks and uncertainties, the result of which may be that the actual results differ from the forward-looking statements. Statements about future developments must not be understood as guarantees. Future developments and events rather depend on a variety of factors, they contain various risks and imponderabilities and are based on assumptions that might turn out to be incorrect. For example, these include unforeseeable changes of the general political, economic, and social conditions.

Dear shareholders,

In the first quarter of 2011 the Graphit Kropfmühl group continued the successful development of the last fiscal year. In a highly dynamic economic environment both business segments were able to clearly improve their operative financial ratios.

In both segments the very strong demand that has been continuing since the last year has resulted in a sustained increase of quantities in the relevant markets. In view of clearly increased raw material prices we also were able to achieve higher sales prices. Compared to the same quarter of the previous year this development altogether resulted in a 42.9 % increase in turnover to TEUR 30,898.

The high utilisation of capacities in both segments by way of fixed-cost degression somewhat cushioned the development of further increased procurement prices, so that the earnings ratios of the Graphit Kropfmühl group showed a disproportionately high growth. The adjusted EBITDA figure is TEUR 4,641 and has more than tripled compared to the previous year's quarter.

Raw material prices in the graphite segment continue to rise

As the world's biggest graphite producer China remains the driving force on the market. Due to a still comparatively high domestic growth, China's strongly increasing own demand together with continuing high global demand figures under the aspect of a not least politically motivated shortage of supplies have resulted in continuing raw material price increases.

Raw material securing projects in Africa and South America

The continuing upward development of raw material prices shows that we are on the right strategic course with our raw material securing projects we started in Mozambique and South America. In addition to our secured deposits in Sri Lanka, Zimbabwe, and Kropfmühl we are greatly committed to making available additional independent raw material sources in the future. In the first quarter we pressed ahead with the exploration of deposits in Mozambique and Brazil. Results that are available so far show that especially the specific deposits in Mozambique will be suited for economically efficient mining both with respect to quality and quantity. Compared to the alternatives in Brazil, deposits in Africa offer advantages not least due to a better infrastructure. For the time being we therefore decided to concentrate our activities on the further exploration of the deposits in Mozambique.

Following the expected conclusion of exploration activities and the preparation of a comprehensive feasibility study during the second half of the year 2011, we will be able to make a decision about the start of operations.

Events in Japan have no short-term effects on the GK group

Our heartfelt sympathy goes to all the people in Japan who are affected by the natural disaster some weeks ago. We hope that the situation in Japan will soon get better for the affected people and that rebuilding activities will soon be able to establish a satisfying situation in the affected regions.

The immense impairment of the economy in Japan had no effects on the raw material supplies of the Graphit Kropfmühl group, because both the silicon-metal segment and the graphite segment do not directly obtain raw materials from the affected regions.

In Germany the events relating to the Fukushima nuclear power plant have triggered a lively discussion about the future of energy supply, and have caused quick and drastic reactions of the government. The shutting-down of Germany's seven oldest nuclear reactors, and the widespread discussion about an acceleration of what is referred to as an energy turnaround only are two examples.

In the medium and long term the effects of these decisions also may have an impact on the Graphit Kropfmühl group. The phasing-out of nuclear energy foreseeably will lead to a further increase of the already comparatively high energy costs in Germany. At the same time, energy efficiency and alternative energies will become more important and also will offer opportunities for the products of Graphit Kropfmühl AG in both segments.

We have secured the major part of our energy demand in Germany up to 2013 at an early time by way of long-term supply contracts with power supply companies. The agreed prices are based on the development of prices at the European Energy Exchange in Leipzig.

Yet in the long term we have to counteract this cost development by way of ever more efficient production processes. In the first quarter of 2011 we started the construction of another more efficient micrometallizing line for finest graphite grades in order to keep production costs competitive. Through efficiency and capacity increases we intend to raise our capacities in order to participate in the expected growth in the field of building chemistry. In the silicon-metal segment we initiated the conversion of another arc furnace. By 2012 the furnace will be changed to a new electrode system which in the past already was installed in one other furnace. In almost two years of operation the expectations concerning a lower specific energy consumption with simultaneously higher production quantities have been confirmed.

Our plants in Germany operate at a comparatively high wage and energy-cost level. Investments in state-of-the-art production technologies therefore are the correct course and a contribution to the securing of jobs at our plants.

Capital structure and liquidity improved

The figures of the first quarter demonstrate that we are on the right course for reaching our objectives concerning the securing of liquidity. The company's capital structure has further improved, and since the beginning of the year the equity ratio increased to 36.0 % on 31 March 2011.

Due to the good operative cashflow of TEUR 2,896 the liquidity requirement for investments in the amount of TEUR 780 could be fully financed from the generated cashflow, and we furthermore clearly reduced our net debt to banks. Since the beginning of the year this financial ratio clearly has decreased to TEUR 17,809.

In the coming quarters the continuing great demand in both segments and the situation on the procurement markets may result in a further increasing capital commitment which would have an effect on the further positive development of the operative cashflow. We have sufficient financing possibilities available. Furthermore, the financing of the resolved investments in Kropfmühl and Pocking is secured.

We are at present holding preparatory talks concerning the possibilities of financing necessary investments for building up mining operations in Mozambique.

The GK share

In the first quarter the Graphit Kropfmühl share again experienced a clear price increase. Compared to 31 December 2010 the closing price of EUR 23.40 (Frankfurt) means an increase of 22.8 %. With comparatively high trading rates within the first quarter, the share reached its peak price on 1 March 2011 with EUR 26.80.

The shareholder structure did not change. Advanced Metallurgical Group (AMG) holds about 88 % of our shares through AMG Invest GmbH. We did not receive any notifications about essential changes of voting rights, so that about 12 % of the shares are attributable to the freefloat.

Annual General Meeting 2011

Our Annual General Meeting 2011 will be held in the rooms of the Hanns Seidel Foundation in Munich on 15 June 2011. Your custodian banks will send you your invitation and the agenda in due time. All the relevant information for this Annual General Meeting, possible counter motions and respective statements of the Management Board, and the complete annual report and the annual financial statements of Graphit Kropfmühl AG can be found in the Investor Relations area of our homepage.

This Investor Relations area furthermore provides all the relevant information about our company, including reportable share transactions and ad-hoc publications as well as a continuously updated financial calendar, annual reports and financial statements, and information about the price development of the GK share.

On request we shall of course be pleased to send you printed copies of the annual report and the annual financial statements of Graphit Kropfmühl Aktiengesellschaft by mail.

Sincerely yours



Martin Ebeling
Chief Executive Officer



Hans-Detlef Antel
Managing Director



Frank Berger
Managing Director

Business development

Group Management Report

In the first quarter of 2011 the Graphit Kropfmühl group reached a disproportionately high increase both in turnover and in earnings. Compared to the same quarter of the previous year the group turnover increased by more than 40 % to TEUR 30,898, which is the highest quarter turnover in the history of the Graphit Kropfmühl group.

The main sales market of German-speaking Europe (DACH) once again made an essential contribution to the increase in turnover. The DACH turnover growth of 52.8 % to TEUR 24,771 also resulted in an increase in the proportion of total turnover to more than 80 % (previous year: 75 %). In other European countries, however, turnover figures decreased by about 12 % to TEUR 3,570.

In the Asia / Pacific region, in North and South America, and in the rest of the world the graphite segment was able to more than double its quarterly sales. The business volume especially in North and South America and in the rest of the world, however, still remains at a comparatively low level.

In both segments the achieved growth in turnover was caused by increased volumes and by price effects.

Driven by a recovering demand the market prices for silicon-metal already had recovered in the course of the year 2010, so that a higher price level could be reached in contracts that were concluded for 2011.

In the graphite segment price increases have been and still are necessary to compensate the situation on the procurement markets. Already since the 2nd half year of 2009 raw material costs have shown a continuous and sometimes erratic upward development, the effects of which could be somewhat cushioned for the customers in the past by passing on efficiency gains and savings effects from implemented cost reduction programs.

The gross profit in the group altogether showed a highly satisfying development. Selling, general and administrative expenses clearly increased by 31.7 % to TEUR 2,735 among others due to higher personnel expenses and to project costs relating to the exploration projects in Africa and South America. Asset impairment expenses of TEUR 52 result from the depreciation of capitalised exploration costs in Brazil that had to be made because of our decision to in the short term concentrate on the exploration and development of the deposits in Mozambique.

Earnings before interest and taxes (EBIT) amount to TEUR 3,862 (previous year: TEUR 365), the adjusted EBITDA is TEUR 4,641. The table below shows the development in more detail.

in TEUR	2011 Jan. – March	2010 Jan. – March	Change
Turnover with external third parties	30,898	21,626	42.9 %
D/A/CH	24,771	16,208	52.8 %
Other European countries	3,570	4,052	- 11.9 %
Asia / Pacific	1,981	1,052	88.3 %
North and South America	327	201	62.7 %
Rest of the world	249	113	> 100.0 %

in TEUR	2011 Jan. – March	2010 Jan. – March	Change
Gross profit	6,512	2,271	> 100.0 %
EBITDA	4,641	1,341	> 100.0 %
Recultivation costs	21	0	not stated
Foreign exchange result (adjustment)	- 148	175	not stated
Depreciation and amortisation	854	801	6.6 %
Asset impairment expenses exploration costs	52	0	not stated
EBIT	3,862	365	> 100.0 %
EBT	3,411	140	> 100.0 %

The net debt is lower than in the previous year and resulted in a decrease of interest expenses. As a result of an increase of key interest rates the interest level has slightly increased, which resulted in lower changes of the market values of non-effective interest rate hedging instruments and thus also contributed to the decrease of interest expenses. Differing from the previous year, the first quarter showed losses from foreign currency transactions, so that altogether the net finance costs decreased from TEUR - 225 to TEUR - 451.

The resulting earnings before tax (EBT) in the first quarter of 2011 amount to TEUR 3,411 (previous year: TEUR 140), for which income taxes of TEUR 961 had to be considered. Yet there still is a clearly improved profit for the period of TEUR 2,450 (previous year: TEUR 82). After deduction of minority interests, TEUR 2,448 or EUR 0.85 per share are attributable to Graphit Kropfmühl Aktiengesellschaft.

Silicon-metal segment

Compared to the previous year the silicon-metal segment clearly improved its turnover figure by 35.7 % to TEUR 20,173.

The sales volume of silicon-metal increased by 12.4 % to 7,696 t. The chemical industry with a sales volume increase to 5,707 t again was the driving force for growth in this segment, whereas sales to customers in the aluminium industry with 1,989 t decreased compared to the previous year. Sales of the RW Filler, a by-product generated in the production of silicon-metal, clearly contributed to the achieved growth in turnover. Compared to the same quarter of the previous year the sales of both standard quality and special quality (Q₁) clearly increased. The total volume of RW Filler sales amounted to 6,370 t, which compared to the previous year means an increase of 18.5 %. Regarding the sales of so-called secondary silicon the segment with 570 t clearly remained behind the previous year's figure.

Driven by demand the prices for silicon-metal have clearly increased compared to the previous year, and a higher price level also could be realised for the special RW Filler quality Q₁. Average proceeds for the standard RW Filler quality and for secondary silicon, however, almost remain at the previous year's level.

Increasing material and energy costs could be more than compensated by the price development and by the positive effects of excellent plant capacity utilisation. Earnings and profitability ratios in this segment increased disproportionately despite higher structural costs in production and an increase of selling, general and administrative expenses.

in TEUR	2011 Jan. – March	2010 Jan. – March	Change
Sales volume (in t)	14,635	14,094	3.8 %
Sales	20,173	14,866	35.7 %
EBITDA	3,664	608	> 100.0 %
EBIT	3,266	199	> 100.0 %
EBT	3,222	78	> 100.0 %

Graphite segment

The graphite segment continues to benefit from an ongoing great demand for natural graphite. Compared to the first quarter of the previous year the segment turnover improved by 58.7 % to TEUR 10,725. The sales volume increased by about 34 % to 6,487 t, while average sales prices grew by approximately 19 %.

Compared to the previous year's quarter the customer sectors of dispersions and energy efficiency again made an above-average contribution to the jump in turnover. The field of traditional applications continued the development of 2010 and also reached a clear growth compared to the same quarter of the previous year. The field of customer solutions showed a comparatively moderate increase, whereas sales in the trading customer sector slightly remained behind the previous year's figure.

In the first quarter of 2011 the effects of rising procurement prices again were somewhat alleviated by efficiency increases resulting from high production capacity utilisation. As a result we were able to improve the gross profit of the graphite segment. Compared to the previous year, however, we are burdened by higher personnel and project costs relating to the raw material securing projects in Mozambique and Brazil, which resulted in a disproportionately low increase in the adjusted EBITDA.

Due to the concentration of our exploration activities on the deposits in Mozambique and the short-term abandoning of exploration in Brazil, the EBIT of the first quarter of 2011 shows an impairment of capitalised exploration costs in Brazil of TEUR 52.

in TEUR	2011 Jan. – March	2010 Jan. – March	Change
Sales volume (in t)	6,487	4,853	33.7 %
Sales	10,725	6,760	58.7 %
EBITDA	977	733	33.3 %
EBIT	596	166	> 100.0 %
EBT	189	62	> 100.0 %

Investments

In the first quarter of 2011 the Graphit Kropfmühl group invested TEUR 844 for expansion and replacement investments in property, plant and equipment.

With TEUR 389 approximately 46 % of this amount were attributed to the silicon-metal segment. The major part was used for modernising the electrode system in one furnace.

TEUR 455 of the total investments were allocated to the graphite segment, the essential part of which was used for advance payments for the building up of additional micronising capacities for finest graphite grades. Additional investments were made in a production line for lubricants to further promote the expansion of value creation of graphites for self-developed lubricants and separating agents that are directly supplied to the forging and foundry industry.

Asset position

In the first quarter of 2011 the consolidated balance sheet total increased by TEUR 1,801 to TEUR 75,510. Since the closing date of the previous year the balance sheet total increased by 2.4 % from TEUR 73,709. Adjusted for changes due to exchange rate fluctuations in the amount of TEUR 287, the balance sheet total increased by TEUR 2,088 to TEUR 77,885.

Non-current assets altogether decreased by TEUR 92 to TEUR 41,880.

Intangible assets decreased by TEUR 79 essentially due to depreciations of TEUR 35 and to asset impairment expenses for capitalised exploration costs in Brazil (TEUR 52). Property, plant and equipment decreased by TEUR 51 to TEUR 34,515 due to depreciations of TEUR 819 with additions of TEUR 844 and a foreign-currency related decrease of TEUR 72.

Deferred taxes showed a slight increase, as did the other financial assets which due to a contractually agreed loan granted to a business partner of the graphite segment continued to rise.

With TEUR 33,630 the current assets are approximately 6 % higher than on the previous year's closing date. While capital commitment in inventories was reduced by TEUR 724 to TEUR 16,344, the jump in turnover in the first quarter of 2011 resulted in an increase of trade receivables of TEUR 1,958 to TEUR 12,557.

The pre-financing of inventories by advance payments on orders essentially contributed to the increase of other current assets by TEUR 580 to TEUR 1,551. While the remaining current assets almost remained unchanged, the liquidity position due to the achieved cashflow increased by TEUR 91 to TEUR 1,528.

The profit for the period of TEUR 2,450 that was generated in the first quarter essentially contributes to the increase of the consolidated equity of TEUR 2,293. Changes of foreign currency translation not affecting the income and shown in the total comprehensive income, and of derivative financial instruments classified as effective, also had to be considered. Due to the increase which compared to the balance sheet total is disproportionately high, the capital structure of the Graphit Kropfmühl group has significantly improved since 1 January 2011. The equity base in relation to the total capital (equity ratio) increased from 33.8 % to 36.0 %

Non-current liabilities decreased by TEUR 741 to TEUR 22,574. The increase in pension obligations and other non-current provisions due to regular additions has a counterpart in the repayment of liabilities to banks. The lower figure of the other financial liabilities essentially is due to higher market values of derivative financial instruments. The market values of our interest rate derivatives benefit from the higher interest level that resulted from the European Central Bank's (ECB) increase of the key interest rate a short time ago.

Current liabilities altogether showed a slight increase of TEUR 248 to TEUR 25,733. While the short-term bank debt due to the generated cashflow could be reduced by TEUR 1,083 in the first quarter of 2011, the highly positive development of earnings resulted in a clear increase in current taxes payable of

TEUR 882 to TEUR 1,088. The other current liabilities increased by TEUR 244, which especially is due to the rise of liabilities to employees which in addition to limited agreed one-time payments also include higher performance-related management compensations. Current financial liabilities increased by TEUR 153 to TEUR 1,294, whereas trade payables almost remained unchanged with an increase of TEUR 52.

Financial position

The table below represents the cashflow statement aggregated with respect to source and appropriation of funds:

in TEUR	2011 Jan. – March	2010 Jan. – March
Profit for the period	2,450	82
Non-operative income and expenses	2,641	1,482
Changes of working capital	- 1,665	- 2,044
Net interest paid	- 383	- 341
Net tax paid	- 114	- 177
Others	- 33	- 41
Inflow (outflow) from operating activities	2,896	- 1,039
Outflow from investing activities	- 780	- 703
Outflow (inflow) from financing activities	- 1,882	1,520

The cash inflow from operating activities could be clearly improved compared to the same quarter of the previous year. While in the first quarter of 2010 funds in the amount of TEUR 1,039 were still required for financing operating activities, a cash inflow of TEUR 2,896 could be achieved in the reporting quarter. Apart from the clearly improved profit for the period, a reduced amount of funds required for financing the changes of working capital also contributed to this development. In the first quarter of 2011 this was especially characterised by the strong increase in trade receivables that is connected with the jump in turnover that was achieved in the period. The increase of other assets in the first quarter that was related to further advance payments on orders could be financed by decreasing inventories, while higher current liabilities were used to strengthen the working capital position.

In the current reporting period an amount of TEUR 780 was used for investing activities (previous year: TEUR 703). Investments in property, plant and equipment of TEUR 768 (previous year: TEUR 703) did not have a counterpart in inflows from the disposal of property, plant and equipment (previous year: TEUR 12). The change in the other non-current assets of TEUR - 12 relates to the payment of loans.

Of the resulting surplus of funds a total amount of TEUR 1,882 was used for the repayment of short- and long-term debt positions, whereas in the previous year an inflow of TEUR 1,522 was realised. The payment of a long-term loan in January 2011 in the amount of TEUR 215 had a counterpart in the outflow for regular repayments to banks in the amount of TEUR 731 (previous year: TEUR 472). Furthermore, the repayment of finance lease liabilities in 2011 resulted in an outflow of TEUR 65, so that short-term utilisations within granted credit lines still could be reduced by TEUR 1,301. In the previous year's quarter TEUR 1,994 still had to be used for covering the financing gap from operating activities and investments.

In the first quarter of 2011 cash and cash equivalents altogether increased by TEUR 234, so that at 31 March 2011, adjusted for exchange rate fluctuations of TEUR - 146, the resulting cash and cash equivalents amounted to TEUR 1,528.

The net bank debt clearly decreased in the first quarter and now amounts to TEUR 17,809.

in TEUR	31.03.2011	31.12.2010	31.03.2010
Long term bank-debt	7,043	7,763	9,517
Short-term bank debt	12,294	13,377	11,884
Cash and cash equivalents	- 1,528	- 1,437	- 817
Net debt	17,809	19,703	20,584

Events after the closing date

There were no essential events after the closing date of this interim report period that would require reporting here.

Risk report

Existing risks are described in detail in the risk report of the annual report 2010. There still are no recognisable risks that could endanger the continued existence of the Graphit Kropfmühl group. There have not been any significant changes compared to the description in the annual report.

Outlook for 2011

Economic situation

In the first quarter the economic prospects have not shown any essential changes in the regions that are relevant for the GK group. For the Euro region the ifo institute expects a somewhat weaker but stable growth in the next quarters. According to the joint spring economic forecast Germany will clearly improve in the total year 2011. Due to the continuing positive development on the job market and the resulting positive effects on domestic demand, expectations for the total year 2011 were adjusted upwards here. The ifo business climate index as an early indicator recently showed a slight drop, but still is at a very high level, so that for our business segments we do not expect any essential changes in the economic situation.

However, there still is a high risk potential. The debt crisis in Europe has not eased, and Portugal recently announced that they would have to use the euro rescue fund to overcome expected financial bottlenecks. The high national debt in the USA also could have negative effects on the global economic climate, if the government should not change to the required consolidation course.

Course of business and earnings position

On a total year comparison the silicon-metal segment in 2011 due to implemented price increases will be able to reach clear improvements both in turnover and in earnings, even though due to furnace maintenance the financial ratios in the second quarter will no longer reach the level of the excellent first quarter.

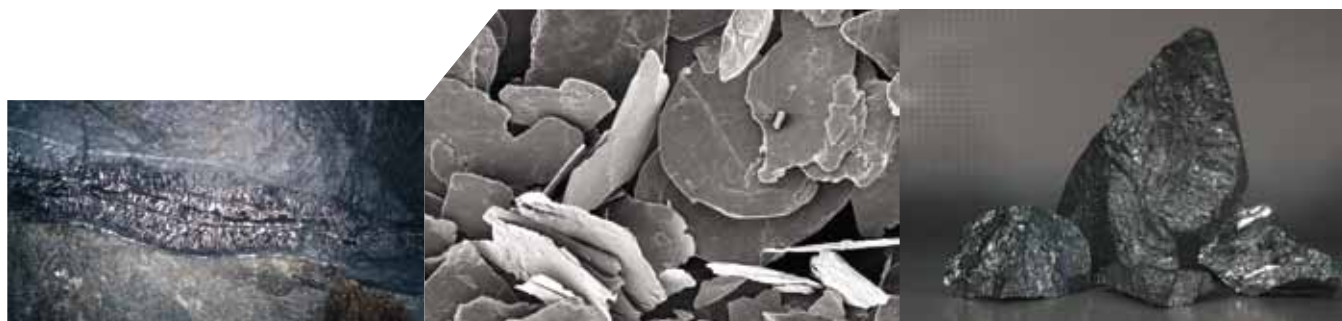
Because of the expected great total demand for graphite globally, the graphite segment still will be burdened by increasing procurement prices, which we will be forced to pass on to our customers by way of price adaptations on the selling side. In the total year this will result in an additional increase of the segment turnover, the development of profitability, however, due to these burdens will not be able to keep up with the development of turnover.

For the whole group we expect that turnover will jump to more than EUR 100 million, provided that economic risk positions do not lead to unexpectedly strong market influences. Earnings ratios are expected to clearly improve.

We still attach great importance to the securing of our liquidity. This is not in conflict with necessary investments that are intended to provide further rationalisation for energy saving and capacity expansions.

The construction of another energy-efficient micronising line in Kropfmühl already was started in the first quarter of 2011, and this line is planned to be put into operation in autumn 2011. In Pocking the modernisation of another arc furnace has been initiated. In the year 2012 this measure with a total volume of about EUR 6 million will lead to an increase of capacity and at the same time ensure a reduced specific energy consumption.

These projects will be financed from the operative cashflow that is expected to remain positive. Furthermore, we also have firm financing commitments and sufficient credit lines with various banks.



Consolidated financial statements as of 31 March 2011

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Consolidated financial statements as of 31 March 2011

Consolidated statement of comprehensive income for the time from 1 January to 31 March 2011

	Notes no	2011 Jan. – March TEUR	2010 Jan. – March TEUR	Change
I. Profit and loss statement				
Turnover		30,898	21,626	42.9 %
Cost of sales		- 24,386	- 19,355	26.0 %
Gross profit		6,512	2,271	> 100.0 %
Selling, general and administrative expenses	(7)	- 2,735	- 2,076	31.7 %
Restructuring and asset impairment expenses		- 52	0	not stated
Other income		137	170	- 19.4 %
Operating profit (EBIT)		3,862	365	> 100.0 %
Interest income		6	5	20.0 %
Interest expenses		- 309	- 405	- 23.7 %
Foreign exchange result		- 148	175	not stated
Operating profit (EBIT)		3,411	140	> 100.0 %
Net finance costs	(8)	- 961	- 58	> 100.0 %
Profit for the year		2,450	82	> 100.0 %
thereof attributable to:				
Minority interests		2	15	- 86.7 %
Shareholders of the company		2,448	67	> 100.0 %
II. Other comprehensive income				
Foreign currency translation adjustment		- 119	218	not stated
Unrealised gains / losses on derivative financial instruments				
Change in unrealised gains / losses		- 93	15	
Realised gains (-) / losses (+)	(12)	50	35	
Net unrealised gains / losses		- 43	50	not stated
Income tax on income and expenses recognized directly in equity				
Change of income tax on income and expenses recognized directly in equity		20	- 3	
Realised gains (-) / losses (+)	(12)	- 14	- 9	
Net unrealised gains / losses		6	- 12	not stated
Other comprehensive income after taxes		- 156	256	not stated
III. Total comprehensive income				
thereof attributable to:				
Minority interests		- 4	20	
Shareholders of the company		2,298	318	

Consolidated financial statements as of 31 March 2011

Consolidated Balance Sheet as at 31 March 2011

ASSETS

	Notes no.	31 March 2011 TEUR	31 Dec. 2010 TEUR
Non-current assets			
Intangible assets		6,674	6,753
Goodwill		6,111	6,103
Other intangible assets		563	650
Property, plant and equipment		34,515	34,566
Land and buildings		14,884	15,071
Machinery and technical equipment		16,364	17,072
Other assets, factory and office equipment		2,063	1,773
Construction in progress		1,204	650
Deferred tax assets		472	443
Other financial assets	(3)	219	210
		41,880	41,972
Current assets			
Inventories		16,344	17,068
Trade receivables		12,557	10,599
Receivables from affiliated companies		0	12
Other financial assets	(3)	69	163
Taxes receivable		834	816
Other current assets	(4)	2,298	1,642
Cash and cash equivalents		1,528	1,437
		33,630	31,737
		75,510	73,709

Consolidated financial statements as of 31 March 2011

STOCKHOLDERS EQUITY AND LIABILITIES

	Notes no.	31 March 2011 TEUR	31 Dec. 2010 TEUR
Equity			
Capital stock		8,640	8,640
Additional paid-in capital		5,568	5,568
Capital reserves		12,899	10,601
Minority interests		96	100
		27,203	24,909
Non-current liabilities			
Pension obligations		9,556	9,364
Non-current provisions		3,272	3,249
Long term bank-debt		7,043	7,763
Government grants		451	484
Deferred tax liabilities		1,135	1,148
Other financial liabilities	(5)	1,117	1,307
		22,574	23,315
Current liabilities			
Short-term bank debt		12,294	13,377
Trade payables		7,893	7,841
Liabilities to affiliated companies		0	0
Government grants		132	132
Other financial liabilities	(5)	1,294	1,141
Current taxes payable		1,088	206
Other liabilities	(6)	3,032	2,788
		25,733	25,485
		75,510	73,709

Consolidated financial statements as of 31 March 2011

Consolidated statement of cashflows for the time from 1 January to 31 March 2011

	2011 TEUR	2011 TEUR
I. Cashflow from operating activities		
1. Profit for the period	2,450	82
Adjustments for non-cash income and expenses:		
2. Depreciation on property, plant and equipment	819	773
3. Amortisation of intangible assets	87	28
4. Net finance costs	451	226
5. Income taxes	961	58
6. Gain on sale or disposal of non-current assets	0	0
7. Other changes in pension and recultivation liabilities	320	221
8. Other non-cash profit and loss items	3	175
Adjustments for changes of working capital:		
9. Change in inventories	675	- 171
10. Change in trade receivables	- 1,982	- 1,107
11. Change in other receivables	- 693	- 71
12. Change in trade payables, provisions and other liabilities	459	- 564
13. Payment of recultivation costs	- 23	- 30
14. Payment of pension liabilities	- 101	- 101
15. Change in government grants	- 33	- 41
16. Interest received	0	5
17. Interest paid	- 383	- 346
18. Income taxes paid and received	- 114	- 177
Cashflow from operating activities	2,896	- 1,039
II. Cashflow from investing activities		
1. Acquisition of property, plant and equipment	- 768	- 705
2. Outflow for investments in intangible assets	0	- 3
3. Outflow for investments in financial assets	0	12
4. Inflow from the disposal of fixed assets	- 12	- 7
Cashflow from investing activities	- 780	- 703
III. Cashflow from financing activities		
1. Proceeds from issuance of debt	215	0
2. Repayment of borrowings	- 731	- 472
3. Repayment for finance lease contracts	- 65	0
4. Proceeds / Repayment from short-term debt	- 1,301	1,994
5. Others	0	- 2
Cashflow from financing activities	- 1,882	1,520
IV. Cash and cash equivalents		
1. Net increase (decrease) in cash and cash equivalents	234	- 222
2. Effect of exchange rate fluctuations on cash held	- 143	37
3. Cash and cash equivalents at the beginning of the period	1,437	1,002
V. Cash and cash equivalents at the end of the period	1,528	817

Consolidated financial statements as of 31 March 2011

Statement of changes in equity at 31 March 2011

	Balance at	Change	Balance at
	31 Dec. 2009	Comprehensive income	31 March 2010
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	8,500	318	8,818
Other revenue reserves	1,193	251	1,444
Currency conversion	250	213	463
Financial instruments	- 406	39	- 367
Generated stockholders equity	7,307	67	7,374
Capital attributable to shareholders	22,708	318	23,026
Minority interests	49	20	69
Equity	22,757	338	23,095
	31 Dec. 2010	Comprehensive income	31 March 2011
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	10,601	2,298	12,899
Other revenue reserves	1,646	- 150	1,496
Currency conversion	590	- 113	477
Financial instruments	- 293	- 37	- 330
Generated stockholders equity	8,955	2,448	11,403
Capital attributable to shareholders	24,809	2,298	27,107
Minority interests	100	- 4	96
Equity	24,909	2,293	27,203

Condensed notes to the consolidated interim financial statements

I. General notes

The registered office of Graphit Kropfmühl Aktiengesellschaft, which is listed in the commercial register of the Amtsgericht München (county court Munich) under HRB 41043, is in Munich, Germany. The company's business premises are located in 94051 Hauzenberg, Langheinrichstraße 1. The business activities of Graphit Kropfmühl Aktiengesellschaft and its subsidiaries comprise the fields of mining, processing, and refining of graphite, and the production of silicon-metal.

(1) Accounting principles

The consolidated interim financial statements of Graphit Kropfmühl Aktiengesellschaft and its subsidiaries as of 31 March 2011 were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as applicable on the balance sheet date, taking into consideration the interpretations of the Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU.

These interim financial statements were prepared in compliance with IAS 34. They do not contain all the information and data required for the consolidated financial statements at the end of the fiscal year and must therefore be read in connection with the consolidated financial statements of 31 December 2010.

The currency used in the group is the euro (EUR). Unless stated otherwise, all amounts in these financial statements are given in thousands of euros (TEUR). This may involve marginal rounding differences.

(2) Scope of consolidation and consolidation methods

Compared to the consolidated annual financial statements of 2010 the scope of consolidation has changed.

On 1 January 2011 the project company that was established in 2010 in Brazil, Graphit Kropfmuehl do Brasil Participações Limitada, São Bernardo do Campo, Brazil, was for the first time included in the consolidated financial statements. The company was established with a capital of 10,000 Brazilian Real (BRL). Graphit Kropfmühl Aktiengesellschaft holds a 99.99 % interest in the company. The purchase price of the participation amounted to TEUR 4. Initial consolidation of the company did not result in a difference.

The consolidation methods remain unchanged.

Scope of consolidation and consolidation methods are explained in the notes to the consolidated financial statements of 2010 under no. 2 and 3.

II. Selected explanatory notes on balance sheet

(3) Other financial assets

	31.03.2011	31.12.2010	Change
Granted loans (non-current)	219	205	6.8 %
Other financial assets (non-current)	0	5	- 100.0 %
Subtotal (non-current)	219	210	4.3 %
Granted loans (current)	64	46	39.1 %
Financial derivatives (current)	0	117	- 100.0 %
Other financial assets (current)	5	0	not stated
Subtotal (current)	69	163	- 57.7 %
Total	288	373	- 22.8 %

(4) Other current assets

	31.03.2011	31.12.2010	Change
Other tax refund claims	349	448	- 22.1 %
Refund claims from the professional association	166	127	30.7 %
Advance payments on inventories	1,414	714	98.0 %
Prepaid expenses	160	72	> 100.0 %
Other assets	209	281	- 25.6 %
Total	2,298	1,642	40.0 %

(5) Other financial liabilities

	31.03.2011	31.12.2010	Change
Financial derivatives (long-term)	333	514	- 35.2 %
Finance lease (long-term)	778	712	9.3 %
Other financial liabilities (long-term)	6	81	- 92.6 %
Subtotal (long-term)	1,117	1,307	- 14.5 %
Financial derivatives (short-term)	303	262	15.6 %
Finance lease (short-term)	261	207	26.1 %
Financial statement expenses	145	334	- 56.6 %
Other financial liabilities (short-term)	585	338	73.1 %
subtotal (short-term)	1,294	1,141	13.4 %
Total	2,411	2,448	- 1.5 %

(6) Other current liabilities

	31.03.2011	31.12.2010	Change
Other tax liabilities	641	798	- 19.7 %
Professional association	166	120	38.3 %
Liabilities under partial retirement models	307	367	- 16.3 %
Other liabilities to employees	1,367	834	63.9 %
Received advance payments on orders	199	64	> 100.0 %
Supervisory Board compensation	23	107	- 78.5 %
Other current liabilities	329	498	- 33.9 %
Total	3,032	2,788	8.8 %

III. Selected explanatory notes on comprehensive income

(7) Selling, general and administrative expenses

	2011 Jan. – March	2010 Jan. – March
Selling expenses	402	349
General administrative expenses	1,839	1,357
Research and development expenses	223	195
Other operating expenses	272	175
Total	2,736	2,076

(8) Income tax expense

	2011 Jan. – March	2010 Jan. – March
Current taxes	- 982	- 78
Deferred taxes	21	20
Total	- 961	- 58

IV. Other notes

(9) Earnings per share

On the balance sheet date, as in the previous year, Graphit Kropfmühl Aktiengesellschaft does not hold any potentially diluting equity instruments. The earnings per share therefore represent the undiluted earnings per share and are determined as follows:

	2011 Jan. – March	2010 Jan. – March
Profit for the year attributable to shareholders of the company (TEUR)	2,447	67
Number of shares	2,880,000	2,880,000
Earnings per share (EUR)	0.85	0.02

(10) Cashflow statement

Cash and cash equivalents comprise cash on hand and cash at banks.

The cashflow from operating activities is derived indirectly from the consolidated profit for the year. The consolidated profit for the year is adjusted for essential non-effective expenses and income and essential changes of group assets and liabilities.

The cashflow from investing activities essentially shows the acquisitions of property, plant and equipment and the proceeds from the sale of property, plant and equipment. Acquisitions of property, plant and equipment that were generated in connection with finance-lease contracts are classified as non-cash and are not included in the cashflow from investing activities. In the fiscal year the acquisitions of property, plant and equipment in the amount of TEUR 844 contain TEUR 77 (previous year: TEUR 0) that were acquired through corresponding agreements.

The cashflow from financing activities shows the flow of funds from the repayment and raising of loans. Outflows relating to the repayment of finance lease liabilities also are allocated to the financing activities.

(11) Condensed segment information

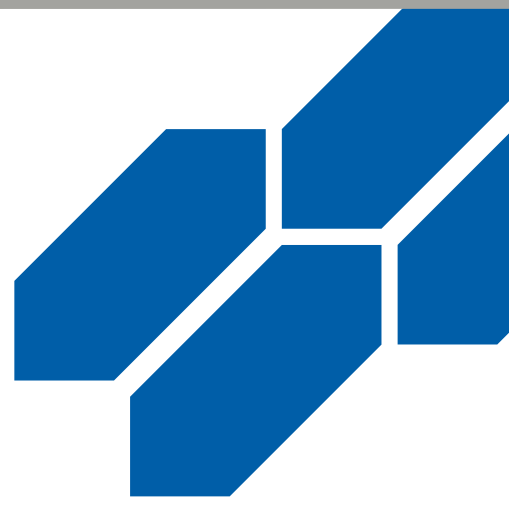
January to March in TEUR	Silicon-metal		Graphite		Transition		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Turnover	20,173	14,866	10,725	6,760			30,898	21,626
D/A/CH	18,978	12,948	5,793	3,260			24,771	16,208
Other European countries	1,096	1,714	2,474	2,338			3,570	4,052
Asia / Pacific	55	116	1,926	936			1,981	1,052
North- and South America	36	88	291	113			327	201
Rest of the world	8	0	241	113			249	113
Intersegment turnover	0	0	0	0			0	0
EBITDA	3,664	608	977	733			4,641	1,341
Recultivation expenses	0	0	21	0			21	0
Restructuring expenses	0	0	0	0			0	0
Foreign exchange result (adjustments)	6	22	- 154	153			- 148	175
Depreciation and amortisation	392	387	462	414			854	801
Impairment expenses exploration expenses	0	0	52	0			52	0
EBIT	3,266	199	596	166			3,862	365
Segment assets	43,073	40,438	41,516	37,147	- 9,079	- 7,309	75,510	70,276
Employees (31 March)	108	108	384	378			492	486

(12) Derivative financial instruments

From January to March 2011, TEUR 36 (previous year: TEUR 26) were reclassified from the other comprehensive income to the consolidated profit for the period. Of these, TEUR - 18 (previous year: TEUR - 59) were attributed to the „cost of sales“ position. TEUR 68 (previous year: TEUR 94) were recognised in the net finance costs. On the total change TEUR 14 (previous year: TEUR 9) had to be recognised as income in the income taxes.

(13) Events after the closing date

There were no essential events after the closing date of this interim report period that would require reporting here.



Graphit Kropfmühl AG

Langheinrichstr. 1
D-94051 Hauzenberg
Germany
Telephone: +49 8586 609-0
Telefax: +49 8586 609-111
Web: www.gk-graphite.com
E-Mail: ir@gk-graphite.com

Management Board
Martin Ebeling (Chief Executive Officer)
Hans-Detlef Antel
Frank Berger

Chairman of the Supervisory Board
Dr. Heinz Schimmelbusch

Financial calendar
15 June 2011
10 August 2011
09 November 2011
21 - 23 November 2011

Annual General Meeting, Munich
6-month report 2011
9-month report 2011
German Equity Forum, Frankfurt (Main)



Graphit Kropfmühl AG



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