

Interim Report January to June 2009



Graphit Kropfmühl AG

A Member of
AMG

AMG Advanced Metallurgical Group NV.

GRAPHIT KROPFMÜHL AG - Financial Highlights




Group January to June		2009	2008	Change
Total sales	in TEUR	38,165	46,832	- 18.5 %
EBITDA ¹⁾	in TEUR	1,861	5,826	- 68.1 %
EBIT ¹⁾	in TEUR	368	4,535	- 91.9 %
EBT	in TEUR	- 670	3,716	not stated
Consolidated earnings for the period	in TEUR	- 581	2,738	not stated
Cashflow from ordinary business activities	in TEUR	2,203	3,639	- 39.5 %
Investments	in TEUR	4,543	3,626	25.3 %
Balance sheet total ²⁾	in TEUR	72,340	65,371	10.7 %
Stockholders equity ²⁾	in TEUR	23,228	23,828	- 2.5 %
Equity ratio ²⁾	in %	32,1	36,5	
Net debt ²⁾	in TEUR	21,729	16,643	30.6 %
Employees (30 June)		519	729	- 28.8 %
Profitability		2009	2008	Change
EBITDA margin ¹⁾	in %	4,9	12,4	
EBIT margin ¹⁾	in %	1,0	9,7	
Return on sales	in %	- 1,8	7,9	
Return on equity	in %	- 2,5	11,5	
Silicon-metal segment		2009	2008	Change
Sales	in TEUR	27,315	30,558	- 10.6 %
Segment share of total sales	in %	71,6	65,3	
EBITDA ¹⁾	in TEUR	2,318	3,774	- 38.6 %
EBIT ¹⁾	in TEUR	1,715	3,297	- 48.0 %
EBT	in TEUR	1,246	2,951	- 57.8 %
Employees (30 June)		108	108	0.0 %
Graphite segment		2009	2008	Change
Sales	in TEUR	10,850	16,274	- 33.3 %
Segment share of total sales	in %	28,4	34,7	
EBITDA ¹⁾	in TEUR	- 457	2,052	not stated
EBIT ¹⁾	in TEUR	- 1,347	1,238	not stated
EBT	in TEUR	- 1,916	766	not stated
Employees (30 June)		411	621	- 33.8 %
Share		2009	2008	Change
Earnings	in EUR	- 0,20	0,95	not stated
Cashflow from ordinary business activities	in EUR	0,76	1,26	- 39.5 %

¹⁾ Earnings ratios before restructuring expenses

²⁾ Balance sheet values each refer to the accounting date of the reporting period (30 June)



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Forward-looking statements

This half year 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,

The global financial and economic crisis still confronts us with great challenges. In the media we find the most different reports on the effects and inconsistent assessments of various sources concerning the expected course of this crisis almost every day.

Most of our customers also are affected, and we can feel the uncertainty on the market in talks with our customers who at present mostly also are able to plan only on a short-term basis and act correspondingly. We only get statements on the future demand within a limited time frame, and orders only are placed when there is a real demand.

However, the downtrend that had lasted since the last quarter of 2008 seems to have stopped in the 2nd quarter. In the total first half year of 2009 the Graphit Kropfmühl group reached total sales of TEUR 38,165, which compared to the previous year means a decrease of about 18 %. Compared to the 1st quarter, however, sales have stabilised at this low level.

With a sales drop of 33 % the graphite segment, which is represented with own locations on almost all the continents and sells to the markets on a global scale, clearly was more affected than the silicon-metal segment, where the decrease was approx. 11 %. In this segment we primarily supply local customers, which compared to our direct competitors means advantages among others in customer service and in transport costs.

We have responded to this business development. In our mining company in Sri Lanka the staff was reduced by approx. 175 employees since November 2008 by way of a severance pay program. In the 2nd quarter we again considered TEUR 24 for severance payments as restructuring expenses.

At our German locations we use the instrument of short-time work. In the graphite segment the rate of short-time work is up to 40 %, and this will be maintained for the time being. In the silicon-metal segment the rate of short-time work was 25 % in April and May, but in the meantime short-time work has been stopped again.

In the silicon-metal segment the conversion of a furnace was finished in May. In the future a more energy-efficient electrode system will reduce the specific energy input in production. The relocation of a production line from Great Britain to the Czech Republic was finished in May according to plan, and the line was put into operation. We adapted the number of employees, and furthermore the lease contract for a warehouse is not renewed.

Due to the sales drop the adjusted EBITDA, the earnings before interest, taxes, depreciation and amortization, and restructuring expenses, decreased by 68 % and amounts to TEUR 1,861 in the 1st half year of 2009.

The group's equity base is 32.1 %. We feel well prepared to meet the challenges of the remaining fiscal year 2009, even if the equity base decreased by 1.5 % since the balance sheet date 2008. Net debts to banks clearly increased to TEUR 21,729 in the second quarter. In the 2nd quarter we received the last rate of a KfW loan for the financing of our investments in Pocking, and settled the invoices from this investment project. We furthermore had to use short-term loans, but here we still are within our granted credit lines.

As announced, we have further reduced our inventories and have thus supported our liquidity. We will consistently pursue the further reduction of our inventories and the optimisation of our working capital.

Annual General Meeting 2009

Our Annual General Meeting was held on 10 June 2009. We were pleased to welcome approx. 110 shareholders in the rooms of the Hanns Seidel Foundation, where they obtained information on the development of their company and exercised their voting right.

The Annual General Meeting approved all the proposals that were put to the vote with a large majority. Among others it was resolved to fully carry forward the company's balance sheet profit on new account, so as not to weaken the company's equity that is needed to manage the crisis and to guarantee liquidity. This not least also was a positive sign towards our banks. We would again like to take this opportunity and sincerely thank you for the confidence expressed in us.

At the Supervisory Board meeting on 10 June 2009 the Supervisory Board appointed Mr. Rainer Grohe first deputy chairman, and Dr. Michael Witzel second deputy chairman.

The GK share

We did not receive any reports on significant changes in the shareholdings in the 2nd quarter. Through its 100 % subsidiary AMG Invest GmbH, AMG Advanced Metallurgical Group still holds about 80 % of our company's shares. The free-float rate thus is approx. 20 %.

As we have already reported to you at our Annual General Meeting we have also reviewed our Investor Relations activities within the context of our cost reduction program. In the past the trading volumes and sales of our shares always were at a very low level. For this reason we also decided to discontinue the listing of our share in the electronic XETRA trading system. In our opinion the costs resulting from the required Designated Sponsoring are not in a reasonable relation to the additional benefit resulting for you as shareholders of our company.

This step will have no effects on the quality of information. We still comply with all the reporting obligations of the Prime Standard. For you this means that we continue to meet the high reporting requirements in this stock market segment and provide these to you and to the financial community. All the information on our company, press releases and ad-hoc publications, and our financial reports, our current financial calendar, etc. are permanently available via the Investor Relations sector of our homepage at www.gk-graphite.com.

Outlook

From today's point of view the further course of the fiscal year cannot be reliably forecast. At present, overviews can only be made for very short periods of time, and there still are no recognizable tendencies that would indicate an economic recovery.

We therefore expect that our sales and earnings figures will be clearly lower than in the previous year.

Yours faithfully



Martin Ebeling
Chairman of the Board of Directors



Hans-Detlef Antel
Member of the Board of Directors



Achim Carstanjen
Member of the Board of Directors

Business development

In the 1st half year of 2009 the Graphit Kropfmühl group reached sales of TEUR 38,165, which compared to the same period of the previous year means a decrease of 18.5 %. In the second quarter of 2009 the continuing downtrend that had started at the end of 2008 levelled off, and altogether the decrease in the now closed quarter was somewhat less.

However, the downtrend had different effects on our two business segments. Whereas the silicon-metal segment recorded a half-year based decrease of 10.6 % to TEUR 27,315, sales in the graphite segment dropped by 33.3 % to TEUR 10,850.

We feel the consequences of the global economic crisis in all our sales markets. In our main sales area of German-speaking Europe, sales decreased by 10.6 % to TEUR 31,013. In other European countries and in America we were affected much more seriously and had to record drops of 47.5 % and 40.7 %, respectively. Sales in the Asia/Pacific region also dropped by 20.8 %. In the rest of the world sales could be increased by means of new customers, but with a low level of business volume.

Earnings position

Due to the sales drop the gross profit in the 1st half year decreased disproportionately by 55.4 % to TEUR 3,942. The cost of sales decreased by 9.9 % compared to the previous year. We are burdened, however, by costs of capacities presently not usable. We already have realised measures to reduce these costs, as far as they could be implemented in the short term. We continue to look into possibilities to even better adapt to the present situation.

The selling, general and administrative expenses in the 1st half year are at the previous year's level. However, in the 1st quarter this item contained non-recurring costs within the scope of projects that were charged on to our project partner and considerably contributed to the distinct increase of the other operating income. The implementation of cost reductions in this area becomes evident in the 2nd quarter, where a decrease of 19.8 % could be reached.

The group's EBIT before restructuring expenses dropped from TEUR 4,535 to TEUR 368. The adjusted EBITDA is TEUR 1,861. Compared to the previous year this means a decrease of approx. 68 %.

The increase of finance costs is due to the higher net debt. Furthermore, the reduced refinancing rates of banks are only passed on to borrowers at a very limited extent. An interest rate derivative planned for an intended financing must be valued as non-effective according to the regulations of hedge-accounting in IAS 39. Market value differences thus must be immediately recognised in profit or loss and resulted in a burden of TEUR 62.

Earnings before tax (EBT) amount to TEUR - 670 after TEUR 3,716 in the previous year. Whereas in the previous year there were tax expenses of TEUR 974, the current reporting period shows a tax refund of TEUR 47 due to the negative EBT.

The profit for the period attributable to the shareholders of GK AG amounts to TEUR - 581. Minority interests amounted to TEUR - 42 (previous year: TEUR 4).

Investments

Investments in tangible assets amounted to TEUR 4,543 in the first half year. Compared to the previous year this is an increase of TEUR 928. In the reporting period we finished investments in both segments that already had been started last year. TEUR 3,993 were invested in the silicon-metal segment, and TEUR 550 in the graphite segment. In the silicon-metal segment the major part of the investments relat-

ed to the conversion of a furnace and the equipping with a closed electrode system. In the graphite segment the relocation of a production line from Great Britain to the Czech republic was completed. This required investments both in technical equipment and in infrastructure.

Other investments were limited to an absolutely necessary minimum. For the total year we expect a total investment amount of about EUR 5 million.

Segments

Silicon-metal

In this segment we reached sales of TEUR 27,315 in the 1st half year of 2009. In the 2nd quarter we also experienced a decrease of about 10 %. Considering the total reporting period, the figures have stabilised at this level.

While in the first six months of 2008 we still sold a quantity of 14,231 tons of silicon-metal, sales in 2009 decreased to 12,655 to 10,457 tons of these were sold to the chemical industry, which among others uses our silicon-metal for the production of silicones. 2,198 tons were sold to the aluminium industry, which in the field of aluminium casting is especially affected by the drop of demand in the automobile sector. With 8,429 tons, sales of the second product range, a by-product of silicon-metal production that is marketed under the name of RW filler, also clearly remained behind the previous year (10,283 tons).

Earnings ratios decreased disproportionately due to the cost structure:

		2009	2008	Change
Sales	in TEUR	27,315	30,558	- 10.6 %
EBITDA	in TEUR	2,318	3,774	- 38.6 %
EBIT	in TEUR	1,715	3,297	- 48.0 %
EBT	in TEUR	1,246	2,951	- 57.8 %

Graphite

In the graphite segment sales drops also stabilised at the level of the first quarter. Altogether we achieved sales of TEUR 10,850 in the first half year. Compared to the previous year, which up to this time showed an exceptionally well development, this means a drop of 33.3 %.

The crisis affects almost all our application fields where our products are used. In the field of dispersions we experience a decrease of approx. 32 %. The field of customer solutions, where we offer special products for the automobile supplier industry, dropped by 40 %. The field of traditional applications such as e.g. the foundry and refractory industry, remained 50 % under the previous year's figures. In the area of energy-efficiency, however, we experienced an increase of about 6 %, and here we expect continuing higher sales than in the previous year.

In German-speaking Europe, the primary sales market of the graphite segment, sales are approx. 31 % lower than in the previous year. In other European countries and in America, sales dropped by more than 40 %. However, the decline of sales in America of the first quarter, when we still were 90 % behind the previous year's figure, could be eased. In the Asia/Pacific region sales increased slightly by 5 %, which we achieved by way of additional trading business which, however, only provides very low margins. In the rest of the world sales increased due to business with a new customer, but sales figures here still are at a very low level.

The resulting earnings ratios correspondingly are clearly lower than in the previous year.

		2009	2008	Change
Sales	in TEUR	10,850	16,274	- 33.3 %
EBITDA	in TEUR	- 457	2,052	not stated
EBIT	in TEUR	- 1,347	1,238	not stated
EBT	in TEUR	- 1,916	766	not stated

Asset position

The consolidated balance sheet total of the Graphit Kropfmühl group further increased in the first half year of 2009. At 30 June 2009 the balance sheet total is TEUR 72,340, which is 2.0 % higher than in the previous year.

Whereas non-current assets increased by TEUR 3,205, current assets decreased by TEUR 1,798.

With regular depreciations of TEUR 44, investments primarily in software of TEUR 34, and a currency-related increase of goodwill, intangible assets only showed a minimum change. Tangible assets, however, increased by TEUR 3,104 to TEUR 35,599, with investments primarily in the silicon-metal segment of TEUR 4,543 and regular depreciations of TEUR 1,449. Due to the consideration of market value changes of derivative financial instruments that has no effect on income, deferred tax assets increased by TEUR 111 to TEUR 251 auf.

In the 1st half year inventories decreased by 12.3 % to TEUR 17,680. Due to the reporting date, trade receivables on the other hand increased by TEUR 1,175 as a result of high sales figures in June. Other current assets only showed minor changes. Cash and cash equivalents decreased by TEUR 178 to TEUR 731.

Due to the negative result for the period and to the necessary adjustments not affecting the income that had to be made due to the interest-rate development related negative development of the market values of our derivative financial instruments, the company's equity decreased to TEUR 23,229. Because of the additional increase of the balance sheet total, the equity ratio decreased from 33.6 % at 31 December 2008 to 32.1 %.

In the non-current liabilities the pension obligations due to regular additions increased by TEUR 157. Other non-current provisions decreased by TEUR 49 to TEUR 3,792 due to the utilisation of the recultivation provision. The payment of the final rate of a KfW loan of TEUR 1,225 taking into consideration the regular repayments resulted in an increase of the long-term bank debt of TEUR 917. The remaining positions of the non-current liabilities increased by TEUR 102. The total amount of non-current liabilities is TEUR 23,597, which is an increase TEUR 1,127.

Current liabilities are TEUR 891 higher than on the previous year's balance sheet date. For the repayment of trade payables, which decreased by TEUR 2,873 to TEUR 6,320, the current utilisation of credit lines with our banks increased by TEUR 1,285. While the remaining positions only showed minor changes, the increase of other current liabilities especially resulted from a received advance payment for supplies to be made in the future to an affiliated company.

Financial position

In the 1st half year we reached a cashflow from operating activities of TEUR 2,203. The inflow from the reduction of inventories was partially consumed by the financing requirements of the resulting increase of trade receivables. While the received advance payment created a high inflow, the decrease of trade creditors resulted in an outflow of liquidity. After consideration of pension payments and the payments within the scope of our recultivation measure, the inflow is TEUR 1,436 lower compared to the same period of the previous year.

In the current year the completion of investment projects that had been started in the previous year resulted in further expenses of TEUR 4,543. Furthermore we purchased software licences in the amount of TEUR 34. Taking into consideration the income from the disposal of assets and other changes of non-current assets, the resulting outflow for investing activities amounts to TEUR 4,563.

For financing our investments we raised a long-term loan in the Czech Republic. We furthermore received the 2nd portion of a KfW loan for the financing of our investments in the silicon-metal segment. Existing loans were regularly repaid, which required an amount of TEUR 698. Within the scope of granted credit lines we collected TEUR 1,116, so that in total we had an inflow from financing activities of TEUR 2,126. The net debt correspondingly increased from TEUR 19,349 to TEUR 21,729.

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

The existing risks are described in detail in the risk report of the annual report 2008. There still are no recognisable risks that could endanger the existence of the Graphit Kropfmühl group. There have not been any significant changes compared to the description in the annual report.

Outlook for 2009

Because of essential uncertainties that result from the present global situation and its effects on our primary markets, it is difficult to provide an outlook for 2009.

There still are no reliable and unanimous assessments from economic research institutions concerning the economic development, and there still is no stable development of early economic indicators that would allow well-founded assumptions.

We always are in close contact with our major business partners, and we have learned that at present our customers also can provide reliable forecasts only for very short periods. At the moment we cannot yet see any tendencies that would indicate a recovery of the economic situation.

The Government's economic stimulus packages include measures relating to the renovation of public buildings which may result in chances for the building material chemistry sector that might reduce the negative effects on sales and earnings of the Graphit Kropfmühl group. However, we only expect noticeable effects from these measures in the course of the 2nd half year.

Based on the available half-year figures we will clearly fall below the previous year's sales and earnings in both segments. The extent will essentially depend on the future development of the general economic situation.



Consolidated financial statements as of 30 June 2009

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Profit and loss statement

April to June in TEUR	2009	2008	Change
Total sales	20,078	24,430	- 17.8 %
Cost of sales	- 17,954	- 19,853	- 9.6 %
Gross profit	2,124	4,577	- 53.6 %
Selling, general and administrative expenses	- 1,940	- 2,420	- 19.8 %
Restructuring expenses and impairment losses	- 24	0	- 100.0 %
Other income	163	142	14.8 %
Operating profit (EBIT)	323	2,299	- 86.0 %
Net finance costs	- 467	- 407	- 14.7 %
Profit before income tax (EBT)	- 144	1,892	not stated
Income tax expense	- 93	- 508	not stated
Profit for the period	- 237	1,384	not stated
thereof attributable to:			
Minority interest	- 36	5	not stated
Shareholders of the company	- 201	1,379	not stated
January to June in TEUR	2009	2008	Change
Total sales	38,165	46,832	- 18.5 %
Cost of sales	- 34,223	- 37,988	- 9.9 %
Gross profit	3,942	8,844	- 55.4 %
Selling, general and administrative expenses	- 4,647	- 4,610	0.8 %
Restructuring expenses and impairment losses	- 24	0	- 100.0 %
Other income	1,073	301	> 100.0 %
Operating profit (EBIT)	344	4,535	- 92.4 %
Net finance costs	- 1,014	- 819	- 23.8 %
Profit before income tax (EBT)	- 670	3,716	not stated
Income tax expense	47	- 974	not stated
Profit for the period	- 623	2,742	not stated
thereof attributable to:			
Minority interest	- 42	4	not stated
Shareholders of the company	- 581	2,738	not stated
Undiluted earnings per share ¹⁾ (in Euro)	- 0,20	0,95	not stated

¹⁾ Graphit Kropfmühl Aktiengesellschaft does not hold any potentially diluting equity instruments. The undiluted earnings per share therefore correspond with the diluted earnings per share.

Consolidated financial statements as of 30 June 2009

Balance sheet

ASSETS in TEUR	30 June 2009	31 Dec. 2008
Non-current assets		
Intangible assets	6,414	6,411
Goodwill	6,079	6,066
Other intangible assets	335	345
Property, plant and equipment	35,599	32,495
Land and buildings	15,135	14,958
Machinery and technical equipment	17,714	12,509
Other assets, factory and office equipment	1,980	1,908
Construction in progress	770	3,120
Deferred tax assets	251	140
Other financial assets	157	170
	42,421	39,216
Current assets		
Inventories	17,680	20,159
Trade receivables	9,392	8,217
Other financial assets	25	115
Taxes receivable	1,138	1,137
Other current assets	953	1,180
Cash and cash equivalents	731	909
	29,919	31,717
	72,340	70,933

Consolidated financial statements as of 30 June 2009

STOCKHOLDERS EQUITY AND LIABILITIES in TEUR	30 June 2009	31 Dec. 2008 ¹⁾
Equity		
Capital stock	8,640	8,640
Additional paid-in capital	5,568	5,568
Capital reserves	9,021	9,593
Minority interests	0	39
	23,229	23,840
Non-current liabilities		
Pension obligations	8,728	8,571
Non-current provisions	3,792	3,841
Long term bank-debt	9,234	8,317
Deferred tax liabilities	629	733
Government grants	145	209
Other financial liabilities	1,069	799
	23,597	22,470
Current liabilities		
Short-term bank debt	13,226	11,941
Trade payables	6,320	9,193
Provisions for warranty and restructuring costs	1	312
Government grants	127	127
Other financial liabilities	458	421
Current taxes payable	897	832
Other liabilities	4,485	1,797
	25,514	24,623
	72,340	70,933

¹⁾ The previous year's figures were adapted. Please refer to the notes.

Consolidated cashflow statement

January to June in TEUR		2009	2008
I.	Cashflow from operating activities		
1.	Profit for the period	- 623	2,738
	Adjustments to reconcile profit to net cashflow:		
2.	Depreciation on property, plant and equipment	1,449	1,250
3.	Amortisation of intangible assets	44	41
4.	Income from the disposal of non-current assets	- 2	- 4
5.	Other changes in non-current assets and liabilities	8	- 156
6.	Change in inventories	2,627	- 424
7.	Change in trade receivables	- 1,131	- 1,790
8.	Change in other receivables	337	247
9.	Change in trade payables, provisions and other liabilities	- 153	2,052
10.	Payment of environmental costs	- 49	- 63
11.	Payment of pension liabilities	- 241	- 185
12.	Change in government grants	- 63	- 63
13.	Other cash income	0	- 4
I.	Cashflow from operating activities	2,203	3,639
II.	Cashflow from investing activities		
1.	Acquisition of property, plant and equipment	- 4,543	- 3,615
2.	Outflow for investments in intangible assets	- 34	- 11
3.	Inflow from the disposal of fixed assets	14	4
II.	Cashflow from investing activities	- 4,563	- 3,622
III.	Cashflow from financing activities		
1.	Proceeds from issuance of debt	1,751	1,568
2.	Repayment of borrowings	- 698	- 698
3.	Proceeds / Repayment from short-term debt	1,116	- 896
4.	Others	- 43	0
III.	Cashflow from financing activities	2,126	- 26
IV.	Cash and cash equivalents		
1.	Net increase (decrease) in cash and cash equivalents	- 234	- 9
2.	Effect of exchange rate fluctuations on cash held	56	- 16
3.	Cash and cash equivalents at the beginning of the period	909	508
V.	Cash and cash equivalents at the end of the period	731	483

Consolidated financial statements as of 30 June 2009

Consolidated statement of recognized income and expense

January to June in TEUR	2009	2008	Change
I. Profit for the period	- 623	2,742	not stated
II. Other consolidated income and expense			
Currency conversion differences of economically independent foreign-country units	239	78	> 100.0 %
Net loss from the securing of cashflow hedges	- 311	0	- 100.0 %
Taxes on other consolidated income and expense	85	0	100.0 %
Other consolidated income and expense after taxes	13	78	not stated
Total income and expense	- 610	2,821	not stated
Thereof attributable to:			
Minority interests	- 39	- 23	69.6 %
Shareholders	- 571	2,843	not stated

Statement of changes in equity according to IFRS

	Balance at	Change	Balance at
	31 Dec. 2007	Comprehensive income	30 June 2008
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	6,666	2,844	9,510
Other revenue reserves	1,925	105	2,030
Financial instruments	488	105	593
Currency conversion	15	0	15
Generated stockholders equity	4,741	2,739	7,480
Capital attributable to shareholders	20,874	2,844	23,718
Minority interests	133	- 23	110
Equity	21,007	2,821	23,828
	31 Dec. 2007	Comprehensive income	30 June 2008
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	9,593	- 572	9,021
Other revenue reserves	1,358	9	1,367
Financial instruments	270	236	506
Currency conversion	- 321	- 227	- 547
Generated stockholders equity	8,235	- 581	7,654
Capital attributable to shareholders	23,801	- 572	23,229
Minority interests	39	- 39	0
Equity	23,840	- 611	23,229

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.

Accounting principles

The consolidated interim financial statements of Graphit Kropfmühl Aktiengesellschaft and its subsidiaries as of 30 June 2009 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. 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 2008.

Accounting and valuation methods

In the half-year financial statements the accounting and valuation methods were not changed compared to the consolidated annual financial statements of 31 December 2008. These methods are listed in the notes to the consolidated annual financial statements and are explained under no. 4.

In the half-year financial statements at 30 June 2009, liabilities to employees for the first time are shown in the other current liabilities. In this connection the comparison figures were adapted, and liabilities in the amount of TEUR 998 were reclassified from other financial liabilities to other current liabilities. Please refer to the table on other current liabilities.

Of the new standards that are mandatory as from 1 January 2009, IAS 1 „Presentation of Financial Statements – Capital Disclosures (revised)“ was for the first time used for this interim reporting period. We decided to present the profit for the period in two separate evaluations. All the other standards that are mandatory as from 1 January 2009 and are shown in the consolidated financial statements at 31 December 2008 did not lead to any material adaptations in the Graphit Kropfmühl group.

Value changes from effective cash flow hedges are shown in the total profit statement. Value changes from non-effective hedges are shown in the profit and loss statement.

Scope of consolidation and consolidation methods

The consolidation methods have not changed compared to the consolidated annual financial statements of 2008. They are explained in no. 3 of the notes to the consolidated financial statements.

II. Selected explanatory notes on balance sheet and profit and loss statement

Other financial liabilities

	30 June 2009	31 Dec. 2008	Change
Financial derivatives	1,009	635	58.9 %
Other financial liabilities	518	585	- 11.5 %
Total	1,527	1,220	25.2 %

Other current liabilities

	30 June 2009	31 Dec. 2008 ¹⁾	Change
Contractual liabilities to employees	828	998	- 17.1 %
Received advance payments on orders	2,248	131	> 100.0 %
Other current liabilities	1,409	668	> 100.0 %
Total	4,485	1,797	> 100.0 %

¹⁾ Change of previous year's figures

The received advance payments include received payments for future deliveries from an affiliated company in the amount TEUR 2,201.

Selling, general and administrative expenses

	2009 Jan. - June	2008 Jan. - June	2009 Apr. - June	2008 Apr. - June
Selling expenses	778	820	400	448
Administrative expenses	3,584	3,421	1,369	1,729
Other operating expenses	285	369	171	243
Total	4,647	4,610	1,940	2,420

Net finance cost

	2009 Jan. - June	2008 Jan. - June	2009 Apr. - June	2008 Apr. - June
Other interest and similar income	17	23	6	12
Market value changes of derivate financial instruments	- 62	0	15	0
Interests from pension obligations	- 269	- 240	- 157	- 120
Other interests and similar expenses	- 700	- 602	- 331	- 299
Total	- 1,014	- 819	- 467	- 407

Income tax expense

	2009 Jan. – June	2008 Jan. – June	2009 Apr. - June	2008 Apr. - June
Current taxes	76	1,081	60	522
Deferred taxes	- 123	- 107	33	- 14
Total	- 47	974	93	508

The deferred taxes of the year 2009 contain deferred tax assets for losses in the fiscal year in the amount of TEUR 21. The deferred tax income shown in the total profit statement relates to the losses from cash flow hedges contained therein.

III. Other notes

Condensed segment information

January to June in TEUR	Silicon-metal		Graphite		Transition		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
Turnover								
with external third parties	27,315	30,558	10,850	16,274			38,165	46,832
D/A/CH	24,908	25,864	6,105	8,834			31,013	34,698
Other European countries	2,271	4,431	2,508	4,667			4,779	9,098
Asia / Pacific	95	236	1,454	1,719			1,549	1,955
North and South America	33	20	582	1,000			615	1,020
Rest of the world	8	7	201	54			209	61
Intersegment turnover	0	0	101	37	- 101	- 37	0	0
EBITDA	2,318	3,774	- 457	2,052	- 24	0	1,837	5,826
Depreciation and amortisation	603	477	890	814			1,493	1,291
EBIT	1,715	3,297	- 1,347	1,238	- 24	0	344	4,535
Segment assets	35,558	29,597	42,814	40,211	- 6,032	- 4,437	72,340	65,371
Employees (30 June)	108	108	411	621			519	729

Related party disclosure

In the reporting period the Graphit Kropfmühl group received an advance payment on future deliveries in the amount of TEUR 2,100 from an affiliated company of our parent company that is not included in our scope of consolidation. This is recognised in the other current liabilities.

Events after the closing date

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

Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining months of the fiscal year.

Martin Ebeling
Chairman of the Board of Directors

Hans-Detlef Antel
Member of the Board of Directors

Achim Carstanjen
Member of the Board of Directors

Review report

To Graphit Kropfmühl Aktiengesellschaft, Hauzenberg

We have reviewed the interim condensed consolidated financial statements, comprising the condensed balance sheet, the condensed profit and loss statement, the condensed cash-flow statement, the condensed statement of changes in equity, and selected explanatory notes, and the interim group management report of Graphit Kropfmühl Aktiengesellschaft, Hauzenberg, for the period from 1 January 2009 to 30 June 2009, which are part of the half-year financial report pursuant to § 37x art. 3 WpHG („Wertpapierhandelsgesetz“: German Securities Trading Act). The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG („Wertpapierhandelsgesetz“: German Securities Trading Act) applicable to interim group management reports is the responsibility of the company's management. Our responsibility is to issue an attestation on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany IDW). These standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

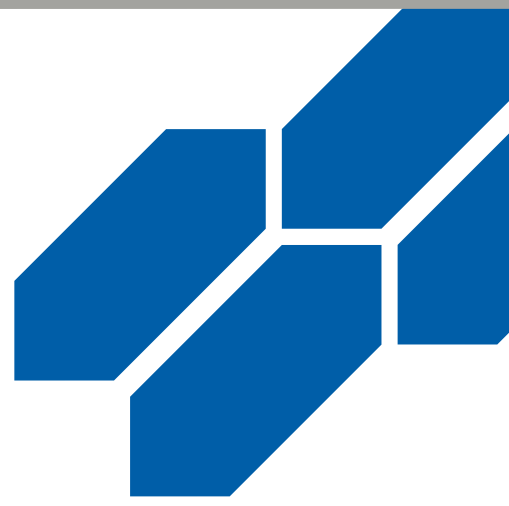
Based on our review nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Mannheim, 23 July 2009

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Fluck
Wirtschaftsprüfer
(German Public Auditor)

Kuhn
Wirtschaftsprüfer
(German Public Auditor)



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Hans-Detlef Antel
Achim Carstanjen

Chairman of the Supervisory Board
Dr. Heinz Schimmelbusch

Financial calendar
11 November 2009
11 November 2009
16 June 2010

German Equity Forum, Frankfurt / Main
9-month report 2009
Annual General Meeting, Munich



Graphit Kropfmühl AG

A Member of



AMG Advanced Metallurgical Group N.V.