

## Interim Report January to September 2009



**Graphit Kropfmühl AG**

A Member of  
**AMG**

AMG Advanced Metallurgical Group NV.

## GRAPHIT KROPFMÜHL AG - Financial Highlights




Group January to September		2009	2008	Change
Total sales	in TEUR	61,891	70,862	- 12.7 %
EBITDA <sup>1</sup>	in TEUR	3,610	8,581	- 57.9 %
EBIT <sup>1</sup>	in TEUR	1,300	6,593	- 80.3 %
EBT	in TEUR	- 521	5,388	not stated
Consolidated earnings for the period	in TEUR	- 609	3,925	not stated
Cashflow from ordinary business activities	in TEUR	6,536	5,999	9.0 %
Investments	in TEUR	4,749	4,768	- 0.4 %
Balance sheet total <sup>2</sup>	in TEUR	69,370	67,098	3.4 %
Stockholders equity <sup>2</sup>	in TEUR	23,257	24,994	- 6.9 %
Equity ratio <sup>2</sup>	in %	33.5	37.3	
Net debt <sup>2</sup>	in TEUR	17,531	15,936	10.0 %
Employees (30 September)		513	722	- 28.9 %
Profitability		2009	2008	Change
EBITDA margin <sup>1</sup>	in %	5.8	12.1	
EBIT margin <sup>1</sup>	in %	2.1	9.3	
Return on sales	in %	- 0.8	7.6	
Return on equity	in %	- 2.6	15.7	
Silicon-metal segment		2009	2008	Change
Sales	in TEUR	44,419	46,750	- 5.0 %
Segment share of total sales	in %	71.8	66.0	
EBITDA <sup>1</sup>	in TEUR	3,761	5,889	- 36.1 %
EBIT <sup>1</sup>	in TEUR	2,771	5,153	- 46.2 %
EBT	in TEUR	2,077	4,661	- 55.4 %
Employees (30 September)		107	109	- 1.8 %
Graphite segment		2009	2008	Change
Sales	in TEUR	17,472	24,112	- 27.5 %
Segment share of total sales	in %	28.2	34.0	
EBITDA <sup>1</sup>	in TEUR	- 151	2,692	not stated
EBIT <sup>1</sup>	in TEUR	- 1,471	1,440	not stated
EBT	in TEUR	- 2,598	728	not stated
Employees (30 September)		406	613	- 33.8 %
Share		2009	2008	Change
Earnings	in EUR	- 0.20	1.36	not stated
Cashflow from ordinary business activities	in EUR	2.27	2.08	9.1 %

<sup>1</sup> Earnings ratios before restructuring expenses

<sup>2</sup> Balance sheet values each refer to the accounting date of the reporting period (30 September)



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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,

At this place in the interim report for the first half year of 2009 we reported a stabilisation of the course of business in both segments in the 2nd quarter. This stabilisation has been confirmed in the last three months.

We were able to further reduce the drop of consolidated sales which until 30 June 2009 still was at 18.5 %. In the first nine months we nevertheless experienced a drop of 12.7 % to now TEUR 61,891 compared to the previous year.

We are satisfied with the development in the silicon-metal segment, where the 3rd quarter also showed a positive sales development compared to the previous year's quarter. Compared to the first nine months of the previous year the total sales in an altogether rather weak market environment decreased by 5.0 % to TEUR 44,419.

The result is burdened by clearly increased cost prices for our raw materials. The effects of increased energy costs, which are the main cost factor in the production of silicon-metal, could be appeased by the concluded investments.

We cannot be satisfied with the development in the graphite segment, even though this segment also showed a positive trend in the 3rd quarter. We clearly remained behind the previous year's figures here, but the 3rd quarter was better than the previous quarters, and compared to the first half year the figures have somewhat improved.

In our interim reports and press releases of 2009 we have already explained in detail the measures we have taken to manage this situation, which is why we only provide a short summary here: Reduction of jobs at our mining company in Sri Lanka within the scope of restructuring programs, short-time work at German locations, relocation of a production line from Great Britain to the Czech Republic.

Our main focus was to secure our liquidity. Due to the massive reduction of inventories and the resulting optimisation of our working capital we managed to increase the operative cashflow despite the weak business development. We utilised the generated liquid funds to again clearly reduce the net debts with credit institutes especially in the 3rd quarter. In the 1st half year of 2009 we concluded rationalisation investments, and we furthermore scrutinised further investment projects and limited them to an absolutely necessary extent.

We will continue to stick to this target. However, this does not disagree with the fact that we will utilise corresponding opportunities with due consideration of possible risks involved, if such opportunities result in sustained potentials for sales and earnings.

### **Continuity in the Board of Directors**

In its meeting on 27 October 2009 the Supervisory Board of our company unanimously resolved to ask Mr. Martin Ebeling to extend his contract as Chairman of the Board of Directors until 31 December 2012. Mr. Ebeling complied with this request. Dr. Heinz Schimmelbusch, Chairman of the Supervisory Board, said, this guarantees continuity in corporate management.

We can only emphasise this statement. As a team we will together continue to do our very best for the interest and the further development of our company and its two business segments. We are confident that we will manage the existing challenges and will emerge from this crisis stronger than before.

### The GK share

With effect from 1 July 2009 we have abandoned the listing in the electronic XETRA trading system for cost reasons. In our opinion the generated costs for meeting the requirements for XETRA listing were in no reasonable relation to the benefit that was created for you as shareholders of our company. We are still listed and tradable at important German stock exchanges.

Of course this step does in no way affect the quality of the information we provide about our company. Current information about the development of the Graphit Kropfmühl group continuously is published on our web site, where in addition to mandatory adhoc publications we also provide current company reports, press releases, and our financial calendar.

In the last quarter the price of the GK share showed a lateral movement in a range between EUR 10.50 in July and EUR 12.44 in September. In Frankfurt the closing price on 30 September 2009 was EUR 11.35. Our share thus was not carried along by the optimism on the global stock exchanges, in the wake of which many standard shares could clearly improve despite missing fundamental corporate data. In the 3rd quarter the DAX thus rose to more than 5,700 points, which is an increase of approx. 18 %.

### Outlook

In the recent past we have seen more and more publications and indications suggesting that the economic development is recovering and that the global economy – rather hesitantly – is regaining a moderate growth. The Federal Ministry of Economics and leading economic research institutions expect a growth of slightly more than one percent in their economic estimates for 2010 in Germany.

The indicated trend reversal in the development of the global economy also is noticeable for our company. Compared to the 1st half year, sales and incoming orders have increased in the last quarter.

For the 4th quarter of 2009 we therefore expect that our total sales figures will be higher than in the same quarter of the previous year. For the total year we expect consolidated sales of more than EUR 80 million, which is clearly behind the figures of 2008. The earnings ratios correspondingly will be clearly lower than in the previous year, but in the group the EBITDA and EBIT figures will remain positive.

At present we are preparing the corporate planning for 2010. We expect that the graphite segment also will noticeably recover.

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 first nine months of fiscal year 2009 the Graphit Kropfmühl group had to put up with a sales drop of 12.7 % to TEUR 61,891.

However, the effects of the crisis were different for our silicon-metal and graphite business segments. While the graphite segment had to accept a drop of 27.5 % compared to the previous year, the silicon-metal segment comparatively is only slightly affected with a drop of 5.0 %.

There are, however, indications for a trend reversal in both segments. Bottoming out was beginning to show already in the 2nd quarter of 2009, and was confirmed in the 3rd quarter. In the silicon-metal segment sales in the reporting quarter already are slightly higher than in the same period of the previous year, in the graphite segment the development of the previous quarters became noticeably weaker, although figures still were decreasing.

The regional classification of sales markets also shows a highly differentiated picture. In our main sales region of German-speaking Europe, which is combined in the DACH reporting region (Germany, Austria, Switzerland), we had to put up with a comparatively moderate decrease of 4.6 % to TEUR 50,598. The share of total sales of this most important region for us thus increased by 7 % to approximately 82 %. In the Asia/Pacific region sales dropped by about 11 %. In other European countries sales decreased by 40.2 % compared to the previous year, in North and South America by 79.5 %.

In most regions the table below shows a beginning trend reversal in the 3rd quarter. The DACH region, Asia/Pacific region, and the rest of the world already showed slight increases again, in Europe we lost 23.9 % in the quarter compared to the previous year, but the figures are better than in the first half year of 2009.

in TEUR	2009 July – Sept.	2008 July – Sept.	2009 Jan. – Sept.	2008 Jan. – Sept.	Change
Turnover with external third parties	23,726	24,030	61,891	70,862	- 12.7 %
D/A/CH	19,167	18,320	50,598	53,018	- 4.6 %
Other European countries	3,113	4,093	7,892	13,191	- 40.2 %
Asia / Pacific	1,194	1,129	2,743	3,084	- 11.1 %
North and South America	85	355	282	1,375	- 79.5 %
Rest of the world	167	133	376	194	93.8 %

### Earnings position

In the reporting period the gross profit on sales dropped from TEUR 12,765 to TEUR 6,449. While the silicon-metal segment is burdened by clearly increased cost prices for raw materials, the result in the graphite segment is influenced by the costs of free capacities. We have reviewed and implemented measures to manage these developments at short notice, provided that we could assume that the basic causes remained in effect.

Selling, general and administrative expenses in the total reporting period could be reduced by 6.0 % to TEUR 6,503 despite non-recurring project costs that were contained therein. These costs were passed on to our project partner and resulted in a clear increase of the other operating income. In the 3rd quarter approximately 20 % could be saved again in the selling, general and administrative expenses compared to the previous year. This demonstrates that we consistently review our expenses and avoid them, if this makes sense.

However, these measures cannot compensate the clear decrease of total sales. As a result, the EBIT before restructuring expenses with TEUR 1,300 is 80.3 % lower than in the previous year.

As a result of higher average net debts the financing expenses have clearly increased in the reporting period. Furthermore, the recognition in profit or loss of a non-effective interest rate derivative resulted in additional expenses of TEUR 87. After consideration of the financial result and of restructuring expenses the Graphit Kropfmühl group reached a negative EBT of TEUR 521. In the previous year we reached a positive figure of TEUR 5,388.

After deduction of income taxes and minority interests the consolidated earnings attributable to the shareholders of Graphit Kropfmühl Aktiengesellschaft amount to TEUR - 563 after TEUR 3,930 in the same period of the previous year. This means earnings per share of EUR - 0.20 and EUR 1.36 in the previous year.

#### Investments

In 2009 an amount of TEUR 4,656 was invested in tangible assets. The major part of this already was invested in the 1st quarter. At the beginning of the year we concluded projects in both segments that had already started in the previous year. As a response to the economic development, further investment projects were reviewed and limited to an absolutely necessary minimum. Altogether our expenses are marginally lower than the investment amount of the previous year's period. The silicon-metal segment invested the major part of the total amount of TEUR 4,013 in the conversion of a furnace and the equipment with a closed electrode system. An amount of TEUR 643 was invested in the graphite segment, the major part of which was spent for the conclusion of the relocation of a production line from Great Britain to the Czech Republic, for which we improved both the technical equipment and the infrastructure.

#### Segments

##### Silicon-metal

In the 3rd quarter sales in the silicon-metal segment increased by 5.6 %. In the total reporting period total sales decreased by 5.0 % to TEUR 44,419.

Silicon-metal sales to the chemical and aluminium industries decreased by approximately 4 %. It is a pleasing development that the aluminium casting industry, which is strongly affected by the crisis in the automobile sector, again showed a positive development in the 3rd quarter compared to the previous quarters. Sales of the so-called RW filler, a very fine silicon dioxide that is created as a by-product in the production of silicon-metal, clearly remained behind the previous year with 13.9 %.

In the field of production costs we are burdened by strongly increased raw material prices. Especially electrodes, quartzes, and carbon experienced enormous price increases and have resulted in a significant rise of costs.

Due to the cost structure, the earnings ratios decreased disproportionately.

in TEUR	2009 July – Sept.	2008 July – Sept.	2009 Jan. – Sept.	2008 Jan. – Sept.	Change
Sales	17,104	16,192	44,419	46,750	- 5.0 %
EBITDA	1,443	2,115	3,761	5,889	- 36.1 %
EBIT	1,056	1,855	2,771	5,153	- 46.2 %
EBT	831	1,710	2,077	4,661	- 55.4 %

### Graphite

In the 3rd quarter the development in the graphite segment also was better than in the 1st half year. The decrease of total sales did become less, but in the total reporting period there still is a drop of 27.5 % to TEUR 17,472.

In the first nine months the effects of the economic crisis affected us in almost all the regions. Especially in America, where the financial and economic crisis had its start, we are confronted by a drop of more than 80 %. In the Asia/Pacific region we experienced a comparatively low decrease of 3.4 %. The development in the last quarter is positive for us, because except for America our figures are better than in the 1st half year in all the regions. In the Asia/Pacific region the graphite segment reached a distinct sales plus also compared to the previous year's quarter.

Sales are growing in the field of energy efficiency, where we profit from special graphite qualities that are matched to customer requirements. The sector of traditional applications, such as foundry and fire-proof industry applications, still remains approx. 50 % behind the previous year. The field of customer solutions, where we provide products for the automotive sub-supplier industry, shows a slight improvement compared to the 1st half year, but still remains clearly behind the previous year's figures.

We have responded to this development and have implemented cost reduction measures. Within the scope of a restructuring program the workforce in Sri Lanka was adapted to the reduced production quantity. We last reviewed the situation in September, and the number of employees was reduced by approx. 190 since the end of 2008. In the German plants in Kropfmühl and Wedel the instrument of short-time work has been used since the 2nd quarter, and furthermore temporary work contracts were not extended. We have clearly reduced our material expenses. Based on the recognisable trend of the earnings ratios in the 3rd quarter we think that we are on a good course here. Still the earnings ratios clearly remain behind the previous year's figures.

in TEUR	2009 July – Sept.	2008 July – Sept.	2009 Jan. – Sept.	2008 Jan. – Sept.	Change
Sales	6,622	7,838	17,472	24,112	- 27.5 %
EBITDA	306	640	- 151	2,692	not stated
EBIT	- 124	202	- 1,471	1,440	not stated
EBT	- 682	38	- 2,598	728	not stated

### Asset position

Compared to the previous year's balance sheet date the balance sheet total of the Graphit Kropfmühl group decreased by TEUR 1,563 or 2.2 % in the reporting period. While the non-current assets show an increase of TEUR 2,531, the current assets clearly decreased by TEUR 4,094.

The development of non-current assets is characterised by investment projects that were started in the previous year and mostly were concluded in the 1st quarter of 2009. Until 30 September 2009 we invested an amount of TEUR 4,656 in tangible assets, and TEUR 93 in intangible assets (software). On the other side there are regular depreciations in the amount of TEUR 2,310, so that in total the resulting figure is TEUR 2,346 higher. The increase of deferred tax assets essentially relates to the non-effective accounting of market value differences of our interest rate derivatives. Other non-current financial assets only showed a slight change and amount to TEUR 185.

The change of current assets primarily is influenced by the reduction of inventories. Since the 2008 balance sheet date we have reduced this item by TEUR 5,116 and thus by more than 25 %. In 2009 we specifically responded to reduced sales figures and correspondingly adapted the inventories, which following the drop in the last quarter of 2008 had increased due to purchasing obligations with our



suppliers. The further stabilisation of sales in the 3rd quarter resulted in an increase of trade receivables (TEUR + 1,847). Other current assets, however, decreased by TEUR 682 essentially due to the payment of tax refund claims (electricity and sales taxes). Cash and cash equivalents amounted to TEUR 888 and only showed a slight change since 31 December 2008.

In the reporting period the consolidated equity of the company decreased by TEUR 583 to TEUR 23,257 due to the loss and to negative market value changes of interest rate derivatives. Since the group's net debt again was clearly reduced especially in the 3rd quarter of 2009, the group's equity ratio at 33.5 % only is 0.1 % and thus slightly lower than on the previous year's accounting date.

Non-current liabilities increased by TEUR 1,290 on the accounting date of this report. Due to regular additions the pension obligations increased by TEUR 246 to TEUR 8,817. As a result of the payment of the last rate of a KfW loan in the silicon-metal segment and a loan for the financing of the investments in the Czech Republic, the non-current liabilities to banks with simultaneous repayments increased by TEUR 557. In the silicon-metal segment we received the payment of an investment grant from the Free State of Bavaria in the 3rd quarter. The non-current proportion of investment grants thus increased by TEUR 305. The increase of other financial liabilities results from the accounting of our interest rate and currency derivatives in the balance sheet. Especially the historically low interest level results in considerably lower market values of the respective derivatives, for which in 2009 another TEUR 399 were recognised both in a way affecting and not affecting the income.

Current liabilities, however, decreased by TEUR 2,270. While the repayment of short-term loans within our granted credit lines reduced the liabilities to banks by TEUR 2,396, and the generated cashflow furthermore was used to clearly reduce the liabilities to our suppliers, income tax liabilities and other current liabilities increased by TEUR 2,943. In addition to an advance payment for future deliveries of goods from an affiliated company in the amount of TEUR 2,100 this increase especially also is the result of a TEUR 402 rise of other tax liabilities. The obligations from restructuring measures that were considered on 31 December were fully utilised in 2009.

### **Financial position**

Despite a clear drop of earnings ratios the operative cashflow in the reporting period improved from TEUR 5,999 to TEUR 6,544. This increase especially was the result of the significant reduction of inventories of TEUR 5,160 and the decrease of other current assets. The liquidity generated from this was only partially needed for financing the reduction of liabilities.

The expenses for investments that were primarily made in the 1st quarter are pitted against an extremely low income from the disposal of non-current assets. Altogether the outflow for investing activities amounts to TEUR 4,773 and is slightly above the level of the previous year's period.

The remaining cashflow was utilised for the repayment of group liabilities to banks in the amount of TEUR 1,791. Regular repayments for long-term loans in the amount of TEUR 1,123 have their counterpart in incoming payments of TEUR 1,950. Furthermore, borrowings in the form of time loans and the utilisation of current account lines could be reduced by TEUR 2,618.

We have clearly reduced the group's net debt since the 2008 balance sheet date. In the 3rd quarter alone, the net debt of the Graphit Kropfmühl group decreased by TEUR 4,198 to TEUR 17,531. Cash and cash equivalents, however, have only slightly changed and amount to TEUR 888.

### **Events after the closing date**

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

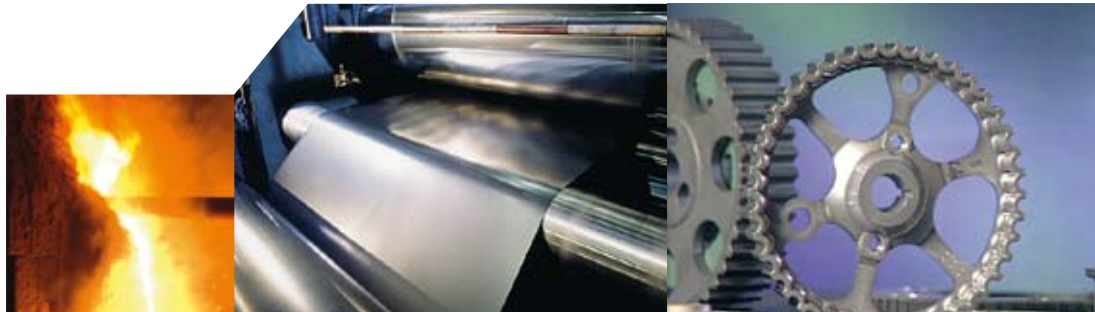
### **Risk report**

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**

Based on the available information and on the indicators that are relevant for us, we expect that in the 4th quarter of 2009 we will exceed the earnings of the previous year's quarter in both segments.

For the total year we expect consolidated earnings of more than EUR 80 million, which thus will clearly remain behind the figures of 2008. Earnings ratios consequently will remain lower than the previous year's figures. We expect that both EBITDA and EBIT will remain positive in the group. Investments in tangible assets will be between EUR 5.0 million and EUR 5.5 million



Consolidated financial statements as of 30 September 2009

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## Consolidated financial statements as of 30 September 2009

### Balance sheet

ASSETS in TEUR	30 Sept. 2009	31 Dec. 2008
Non-current assets		
Intangible assets	6,462	6,411
Goodwill	6,090	6,066
Other intangible assets	372	345
Property, plant and equipment	34,860	32,495
Land and buildings	14,989	14,958
Machinery and technical equipment	17,173	12,509
Other assets, factory and office equipment	1,899	1,908
Construction in progress	799	3,120
Deferred tax assets	240	140
Other financial assets	185	170
	<b>41,747</b>	<b>39,216</b>
Current assets		
Inventories	15,043	20,159
Trade receivables	10,064	8,217
Accounts receivable from affiliated companies	73	0
Other financial assets	22	115
Taxes receivable	1,035	1,137
Other current assets	498	1,180
Cash and cash equivalents	888	909
	<b>27,623</b>	<b>31,717</b>
	<b>69,370</b>	<b>70,933</b>

## Consolidated financial statements as of 30 September 2009

STOCKHOLDERS EQUITY AND LIABILITIES in TEUR	30 Sept. 2009	31 Dec. 2008 <sup>1)</sup>
<b>Equity</b>		
Capital stock	8,640	8,640
Additional paid-in capital	5,568	5,568
Capital reserves	9,049	9,593
Minority interests	0	39
	<b>23,257</b>	<b>23,840</b>
<b>Non-current liabilities</b>		
Pension obligations	8,817	8,571
Non-current provisions	3,871	3,841
Long term bank-debt	8,874	8,317
Deferred tax liabilities	556	733
Government grants	514	209
Other financial liabilities	1,128	799
	<b>23,760</b>	<b>22,470</b>
<b>Current liabilities</b>		
Short-term bank debt	9,545	11,941
Trade payables	6,705	9,193
Provisions for warranty and restructuring costs	1	312
Government grants	127	127
Other financial liabilities	403	421
Current taxes payable	1,099	832
Other liabilities	4,473	1,797
	<b>22,353</b>	<b>24,623</b>
	<b>69,370</b>	<b>70,933</b>

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

## Consolidated financial statements as of 30 September 2009

### Profit and loss statement

July to September in TEUR	2009	2008	Change
Total sales	23,726	24,030	- 1.3 %
Cost of sales	- 21,219	- 20,109	5.5 %
Gross profit	2,507	3,921	- 36.1 %
Selling, general and administrative expenses	- 1,856	- 2,307	- 19.5 %
Restructuring expenses and impairment losses	- 136	0	not stated
Other income	281	444	- 36.7 %
Operating profit (EBIT)	796	2,058	- 61.3 %
Net finance costs	- 647	- 386	- 67.6 %
Profit before income tax (EBT)	149	1,672	- 91.1 %
Income tax expense	- 135	- 489	- 72.4 %
Profit for the period	14	1,183	- 98.8 %
thereof attributable to:			
Minority interest	- 4	- 9	55.6 %
Shareholders of the company	18	1,192	- 98.5 %
January to September in TEUR	2009	2008	Change
Total sales	61,891	70,862	- 12.7 %
Cost of sales	- 55,442	- 58,097	- 4.6 %
Gross profit	6,449	12,765	- 49.5 %
Selling, general and administrative expenses	- 6,503	- 6,917	- 6.0 %
Restructuring expenses and impairment losses	- 160	0	not stated
Other income	1,354	745	81.7 %
Operating profit (EBIT)	1,140	6,593	- 82.7 %
Net finance costs	- 1,661	- 1,205	- 37.8 %
Profit before income tax (EBT)	- 521	5,388	not stated
Income tax expense	- 88	- 1,463	- 94.0 %
Profit for the period	- 609	3,925	not stated
thereof attributable to:			
Minority interest	- 46	- 5	< - 100.0 %
Shareholders of the company	- 563	3,930	not stated
Undiluted earnings per share <sup>1</sup> (in EUR)	- 0.20	1.36	not stated

<sup>1)</sup> 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 September 2009

### Consolidated cashflow statement

January to September in TEUR		2009	2008
I.	Cashflow from operating activities		
1.	Profit for the period	- 563	3,925
	Adjustments to reconcile profit to net cashflow		
2.	Depreciation on property, plant and equipment	2,244	1,937
3.	Amortisation of intangible assets	66	50
4.	Income from the disposal of non-current assets	- 2	- 34
5.	Other changes in non-current assets and liabilities	32	- 86
6.	Change in inventories	5,160	- 2,420
7.	Change in trade receivables	- 1,830	- 893
8.	Change in other receivables	713	661
9.	Change in trade payables, provisions and other liabilities	887	3,308
10.	Payment of environmental costs	- 80	- 79
11.	Payment of pension liabilities	- 342	- 279
12.	Change in government grants	305	- 96
13.	Other cash income	- 46	5
I.	Cashflow from operating activities	6,544	5,999
II.	Cashflow from investing activities		
1.	Acquisition of property, plant and equipment	- 4,656	- 4,734
2.	Outflow for investments in intangible assets	- 93	- 34
3.	Outflow for investments in financial assets	- 26	- 1
4.	Inflow from the disposal of fixed assets	2	36
II.	Cashflow from investing activities	- 4,773	- 4,733
III.	Cashflow from financing activities		
1.	Proceeds from issuance of debt	1,950	5,444
2.	Repayment of borrowings	- 1,123	- 4,190
3.	Proceeds / Repayment from short-term debt	- 2,618	- 2,151
4.	Others	- 60	0
III.	Cashflow from financing activities	- 1,851	- 897
IV.	Cash and cash equivalents		
1.	Net increase (decrease) in cash and cash equivalents	- 80	369
2.	Effect of exchange rate fluctuations on cash held	59	- 40
3.	Cash and cash equivalents at the beginning of the period	909	508
V.	Cash and cash equivalents at the end of the period	888	837

## Consolidated financial statements as of 30 September 2009

### Consolidated statement of recognized income and expense

January to September in TEUR	2009	2008	Change
I. Profit for the period	- 609	3,925	not stated
II. Other consolidated income and expense			
Currency conversion differences of economically independent foreign-country units	209	187	11.8 %
Net loss from the securing of cashflow hedges	- 311	- 115	< - 100.0 %
Taxes on other consolidated income and expense	84	26	> 100.0 %
Other consolidated income and expense after taxes	- 18	98	not stated
Total income and expense	- 627	4,023	not stated
Thereof attributable to:			
Minority interests	- 39	- 23	
Shareholders	- 588	4,046	

### Statement of changes in equity according to IFRS

	Balance at	Change	Balance at
	31 Dec. 2007	Comprehensive income	30 Sept. 2008
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	6,666	4,010	10,676
Other revenue reserves	1,925	80	2,005
Financial instruments	488	205	693
Currency conversion	15	- 89	74
Generated stockholders equity	4,741	3,930	8,671
Capital attributable to shareholders	20,874	4,010	24,884
Minority interests	133	- 23	110
Equity	21,007	3,987	24,994
	31 Dec. 2008	Comprehensive income	30 Sept. 2009
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	9,593	- 544	9,049
Other revenue reserves	1,358	19	1,377
Financial instruments	270	222	492
Currency conversion	- 321	- 227	- 548
Generated stockholders equity	8,235	- 563	7,672
Capital attributable to shareholders	23,801	- 544	23,257
Minority interests	39	- 39	0
Equity	23,840	- 583	23,257



## 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 September 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. The consolidated interim financial statements as of 30 September 2009 have not been reviewed by the auditors.

#### Accounting and valuation methods

In the interim 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 there under no. 4.

In the interim financial statements at 30 September 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 re-classified 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 cashflow 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 Sept. 2009	31 Dec. 2008	Change
Financial derivatives	1,034	635	62.8 %
Other financial liabilities	497	585	- 15.0 %
Total	1,531	1,220	25.5 %

### Other current liabilities

	30 Sept. 2009	31 Dec. 2008 <sup>1)</sup>	Change
Contractual liabilities to employees	1,095	998	9.7 %
Received advance payments on orders	2,189	131	> 100.0 %
Other current liabilities	1,189	668	78.0 %
Total	4,473	1,797	> 100.0 %

<sup>1)</sup> Change of previous year's figures

The received advance payments include received payments for future deliveries from an affiliated company in the amount TEUR 2,142.

### Selling, general and administrative expenses

	2009 Jan. - Sept.	2008 Jan. - Sept.	2009 Juli - Sept.	2008 Juli - Sept.
Selling expenses	1,036	1,321	258	501
Administrative expenses	5,176	5,073	1,592	1,652
Other operating expenses	291	523	6	154
Total	6,503	6,917	1,856	2,307

### Net finance cost

	2009 Jan. - Sept.	2008 Jan. - Sept.	2009 Juli - Sept.	2008 Juli - Sept.
Other interest and similar income	22	43	5	20
Market value changes of derivate financial instruments	- 88	0	- 26	0
Interests from pension obligations	- 404	- 360	- 135	- 120
Other interests and similar expenses	- 1,191	- 888	- 491	- 286
Total	- 1,661	- 1,205	- 647	- 386

Income tax expense

	2009 Jan. – Sept.	2008 Jan. – Sept.	2009 Juli – Sept.	2008 Juli – Sept.
Current taxes	275	1,586	199	505
Deferred taxes	- 187	- 123	- 64	- 16
Total	88	1,463	135	489

The deferred taxes of the year 2009 contain deferred tax assets for losses in the fiscal year in the amount of TEUR 14. The deferred tax income shown in the total profit statement relates to the losses from cashflow hedges contained therein.

**III. Other notes**

Condensed segment information

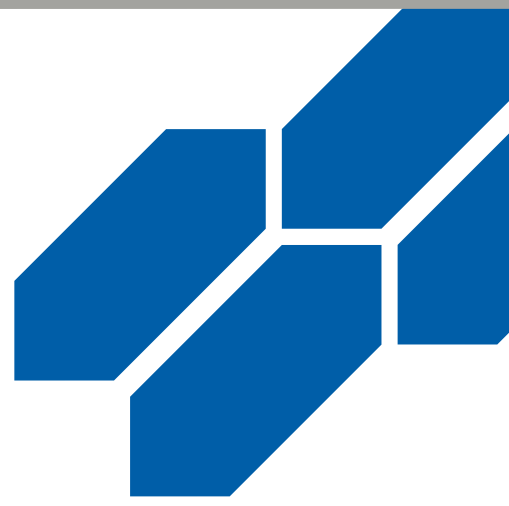
January to September in TEUR	Silicon-metal		Graphite		Transition		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
Turnover								
with external third parties	44,419	46,750	17,472	24,112			61,891	70,862
D/A/CH	40,903	39,999	9,695	13,019			50,598	53,018
Other European countries	3,327	6,323	4,565	6,868			7,892	13,191
Asia / Pacific	134	383	2,609	2,701			2,743	3,084
North and South America	47	33	235	1,342			282	1,375
Rest of the world	8	12	368	182			376	194
Intersegment turnover			161	47	- 161	- 47	0	0
EBITDA	3,761	5,889	- 312	2,692			3,449	8,581
Depreciation and amortisation	990	735	1,319	1,252			2,310	1,987
EBIT	2,771	5,153	- 1,631	1,440			1,140	6,593
Segment assets	33,135	29,755	39,566	41,777	- 3,331	- 4,434	69,370	67,098
Employees (30 September)	107	109	406	613			513	722

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.



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Board of Directors  
Martin Ebeling (Chairman)  
Hans-Detlef Antel  
Achim Carstanjen

Chairman of the Supervisory Board  
Dr. Heinz Schimmelbusch

Financial calendar  
16 June 2010

Annual General Meeting, Munich



**Graphit Kropfmühl AG**

A Member of



AMG Advanced Metallurgical Group N.V.