

Interim report January to September 2011



Graphit Kropfmühl AG

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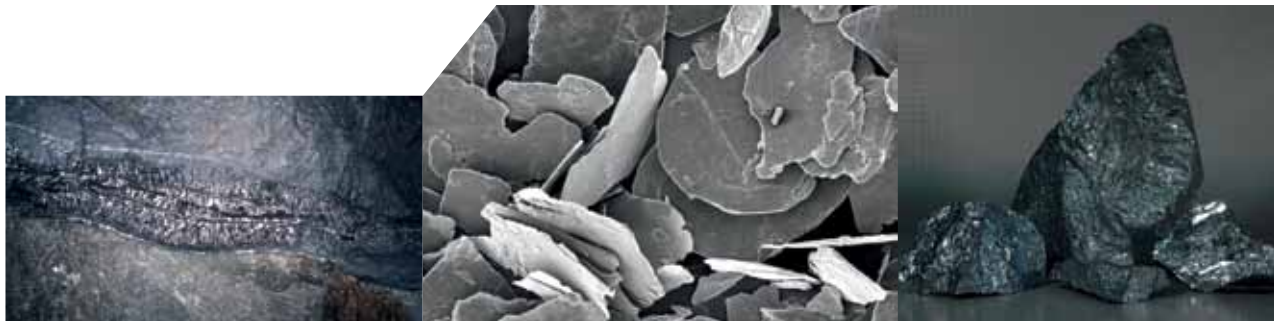
AMG Advanced Metallurgical Group N.V.

GRAPHIT KROPMÜHL AG – Financial Highlights

Group January to September		2011	2010	Change
Total sales	in TEUR	91,310	71,709	27.3 %
EBITDA ¹	in TEUR	13,309	4,418	> 100.0 %
EBIT	in TEUR	10,555	1,659	> 100.0 %
EBT	in TEUR	9,535	782	> 100.0 %
Consolidated earnings for the year	in TEUR	6,798	593	> 100.0 %
Cashflow from ordinary business activities	in TEUR	7,957	562	> 100.0 %
Investments	in TEUR	4,212	2,211	90.5 %
Balance sheet total ²	in TEUR	80,580	70,628	14.1 %
Stockholders equity ²	in TEUR	31,697	23,645	34.1 %
Equity ratio ²	in %	39.3	33.5	
Net debt ²	in TEUR	16,374	19,604	- 16.5 %
Employees (September 30)		506	479	10.4 %
Profitability				
		2011	2010	Change
EBITDA margin ¹	in %	14.6	6.2	
EBIT margin	in %	11.5	2.3	
Return on sales	in %	10.4	1.1	
Return on equity	in %	21.4	2.6	
Silicon-metal segment				
		2011	2010	Change
Sales	in TEUR	59,200	46,704	26.8 %
Segment share of total sales	in %	64.8	65.1	
EBITDA ¹	in TEUR	10,221	2,158	> 100.0 %
EBIT	in TEUR	8,998	779	> 100.0 %
EBT	in TEUR	8,913	628	> 100.0 %
Employees (September 30)		110	107	2.8 %
Graphite segment				
		2011	2010	Change
Sales	in TEUR	32,110	25,005	28.4 %
Segment share of total sales	in %	35.2	34.9	
EBITDA ¹	in TEUR	3,088	2,260	36.6 %
EBIT	in TEUR	1,558	880	77.0 %
EBT	in TEUR	623	154	> 100.0 %
Employees (September 30)		396	372	6.4 %
Share				
		2011	2010	Change
Earnings	in EUR	2.36	0.21	> 100.0 %
Cashflow from ordinary business activities	in EUR	2.76	0.20	> 100.0 %

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

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



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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.

Letter to our shareholders

Dear shareholders,

The economic environment in which the Graphit Kropfmühl group is operating remained unchanged and strong also in the third quarter. It is true that the growth rates did slow down a little in the quarter, but the highly positive development of the group still is more than satisfying for us. With the group's jump in turnover of 27.3 % to TEUR 91,310 in the first nine months and a continuing stable development of earnings in both segments, 2011 will become a record year for the Graphit Kropfmühl group.

Plant utilisation remained at a high above-average level also during the summer months. Positive earnings effects from fixed-cost degression and the compensation of higher purchase prices through increased sales prices resulted in clearly improved earnings and profitability ratios.

The good earnings position also had a positive effect on the cashflow and thus on the group's net debt. Both compared to the previous quarter and to the figures of the previous year the net debt to banks could be clearly reduced to TEUR 16,374. In view of the continuing implementation of investment projects and of the necessity to build up winter safety stocks in both business segments, additional liquidity will be tied up again according to plans in the fourth quarter. Furthermore, adapted tax prepayments also will result in a clear liquidity outflow.

Raw material prices in the graphite segment remain at a high level. Apart from the great demand in Europe it is especially the ongoing boom in the threshold countries, especially in Asia, that still contributes to this development. Due to constantly emerging new fields of application the global demand will continue to grow. Politically motivated export and production restrictions in China will further intensify the scarcity of raw materials and will determine the future price development. It is therefore important for the graphite segment to develop additional own raw material sources. Various deposits in Mozambique are presently undergoing a thorough inspection. In 2011 extensive preparatory work was planned and implemented within the scope of necessary feasibility studies. We are currently in negotiations with the Mozambique government and with local mining authorities, and these negotiations are planned to be concluded in the near term.

For achieving a further diversification of our raw material sources we are at present intensively examining the possibility of resuming mining operations at the Kropfmuehl mine. Mining operations were discontinued several years ago, but the know-how and the existing infrastructure have been maintained, so that we can on short call utilise this raw material source again. We are currently in dialogue with the mining authority and with local authorities to learn about and thus be able to consider the requirements of public authorities.

In the silicon-metal segment we initiated the conversion of another furnace. In 2011 extensive plans were prepared and have already been partially implemented. The major part of the project, however, will be implemented in 2012, and start-up is planned for the last quarter of 2012.

In the graphite segment we started with urgent investments in the energy supply and in measures for improving flood protection at the Kropfmühl plant in the third quarter. These projects were concluded in October. The construction of a new compressed-air station was completed according to schedule. Construction of the buildings for our new micronising line was finished, and the installation of machinery and equipment has started. The new micronising capacity will be fully available starting from January 2012.

Our objective is to achieve long-lasting and partnership-based cooperation with important customers. With our own raw material sources and state-of-the-art production facilities we create the prerequisites for this. These guarantee the availability of high-quality products and secure our short-term and medium-term readiness to deliver. With our new capacities and with improved production processes the delivery times for certain products also will become shorter again in the future.

In view of economic early indicators such as the ifo business climate index and the recently reduced economic expectations of leading economic research institutions we are watching the development of the economic environment with a critical eye. Even if no drastic drop of the economic development is to be expected at present, the debt crisis still remains the determining subject that is decisive for the market. Stock exchanges already have anticipated the reduced economic growth expectations. In a still nervous environment with correspondingly volatile markets the developments cannot be foreseen with any reliability. For us the development of the exchange rate relationship between EUR and USD is an important success factor because an essential part of the purchase volume in both segments is transacted in USD. In part we have hedged these exchange rate risks already beyond 2011 with suitable currency derivatives.

Due to the stable development of earnings the company's capital and financing structure has further strengthened in the third quarter. Investments were financed from the generated cashflow, and the free liquidity was used to clearly reduce the net debt. The equity ratio further increased to 39.3 %.

Individual investment projects already are covered by long-term financing commitments. Sufficient and reliable current account credit lines furthermore are available for short-term liquidity requirements. In the third quarter the total volume of domestic short-term credit lines increased to TEUR 15,000. The financing of necessary investments in Mozambique will be secured by way of long-term financing models. Corresponding possibilities and proposals are being prepared at present.

Based on the available figures for the third quarter, on the current order situation, and on information gained from talks with our customers, we confirm our forecast for the total year 2011. The consolidated turnover clearly will exceed EUR 110 million, and earnings and profitability ratios will clearly increase in line with the development of turnover. In the fourth quarter we will furthermore conclude our short-term and medium-term plans for the following business years. On the basis of current information, and provided that the economic environment remains stable, we also expect a consolidated turnover at the same level as in the current business year and a stable development of earnings for 2012.

Sincerely yours



Martin Ebeling
Chief Executive Officer



Hans-Detlef Antel
Managing Director



Frank Berger
Managing Director

Business development

Group management report

After a strong first quarter the growth momentum already became weaker in the second quarter. This development also continued in the current reporting quarter. Except for the region comprising other European countries, growth rates have increasingly slowed down since the beginning of the year and thus follow the general economic trend. However, the achieved growth still many times over exceeds the respective economic data in all the important regions.

Increased raw material costs in the meantime largely could be passed on to the market also in the graphite segment. In the third quarter the group turnover again clearly increased by 22.2 % to TEUR 30,639. The total reporting period comprising January to September 2011 shows a significant growth in turnover of 27.3 %. Compared to the previous year the group turnover of the first nine months increased from TEUR 71,709 to TEUR 91,310.

The D/A/CH region (Germany, Austria, Switzerland) continues to contribute to the turnover increase with high growth rates. The third quarter also shows an increase of turnover of 20.2 % to TEUR 23,713. The Asia/Pacific region also confirmed the excellent performance of the previous periods. In these growth markets we achieved a turnover increase of 24.0 % also in the third quarter. In the first nine months turnover increased by 47.0 % to TEUR 6,355. In the regions America and rest of the world turnover figures remained at a low level.

In the region comprising other European countries, however, the positive development of the second quarter again accelerated. After the first quarter still had closed with a decrease in turnover, the jump in turnover in the third quarter of 45.0 % to TEUR 4,003 completely compensated these losses and contributed to a total turnover growth of 10.3 % to TEUR 11,230.

Both segments predominantly generated their development from increased sales prices. In the third quarter quantity effects had a noteworthy influence on the turnover increase only in the silicon-metal segment. In the second quarter maintenance-related downtimes still had resulted in a decrease of quantities, but in the third quarter the full production capacity was available again.

In the summer months an above-average capacity utilisation in both segments contributed to efficiency gains. The higher sales prices compensated price increases on the procurement side and contributed to the increase of the gross profit to TEUR 5,848. For the first nine months the gross profit amounted to TEUR 18,285 and thus has more than doubled compared to the previous year.

Selling, general and administrative expenses increased by 35.1 % to TEUR 8,213. Apart from project-related costs among others for the exploration of graphite deposits in Mozambique and Brazil, this increase also was due to higher personnel expenses especially from higher performance-related compensation figures. Asset impairment expenses of TEUR 52 relate to exploration costs in Brazil that were capitalised in the previous year. Reviewing and impairment was necessary because due to the more promising deposits in Mozambique we had decided in the first quarter to for the time being no longer pursue the inspection of deposits in Brazil. The other income is at the level of the previous year.

With TEUR 10,555 the earnings before interest and taxes (EBIT) are clearly higher than in the previous year. Within the first nine months the adjusted EBITDA tripled from TEUR 4,418 to TEUR 13,309.

in TEUR	2011 June - Sept.	2010 June - Sept.	2011 Jan. - Sept.	2010 Jan. - Sept.	Change
Turnover with external third parties	30,639	25,065	91,310	71,709	27.3 %
D/A/CH	23,713	19,736	71,888	55,507	29.5 %
Other European countries	4,003	2,760	11,230	10,185	10.3 %
Asia / Pacific	2,142	1,727	6,355	4,323	47.0 %
North and South America	572	569	1,115	1,201	- 7.2 %
Rest of the world	209	273	722	493	46.5 %
Gross profit	5,848	2,460	18,285	7,232	> 100.0 %
Adjusted EBITDA	4,395	1,466	13,309	4,418	> 100.0 %
Recultivation costs	20	0	61	0	not stated
Foreign exchange result	182	- 75	40	301	- 86.7 %
Depreciation and amortisation	871	816	2,600	2,458	5.8 %
Asset impairment expenses exploration costs	0	0	52	0	not stated
EBIT	3,321	725	10,555	1,659	> 100.0 %
EBT	3,099	270	9,535	782	> 100.0 %

Silicon-metal segment

After decreasing sales figures in the second quarter the sales volume increased again by 8.0 % in the third quarter. This increase particularly is due to a distinct rise in the quantity of sold RW filler products.

In the first nine months the silicon-metal sales volume increased by 1.4 % to 22,247 t. With RW filler products the good sales in the third quarter resulted in a sales growth of 14.7 % in relation to the first nine months. This development was borne both by standard qualities and special qualities (Q₁), with the Q₁ product range making an above-average contribution. Sales of so-called secondary silicon remained at an excellent level also in the third quarter, and the sales volume compared to the first nine months has further increased. The total volume that was sold was 3,923 t, which means an increase of 11.6 %.

Production capacity utilisation as expected was at a high level. With the exception of planned down-times for maintenance purposes the production facilities were fully available. Price increases on the procurement side for the most important raw materials and for energy, as well as the increase in selling, general and administrative expenses, could be more than compensated by higher earnings and by the positive effects of the improved production output.

All the relevant earnings and profitability ratios of the silicon-metal segment improved disproportionately. The table below shows the essential ratios in this segment.

in TEUR	2011 June - Sept.	2010 June - Sept.	2011 Jan. - Sept.	2010 Jan. - Sept.	Change
Sales volume (in t)	14,934	13,833	44,722	41,635	7.4 %
Sales	19,722	15,985	59,200	46,704	26.8 %
Adjusted EBITDA	3,130	722	10,221	2,158	> 100.0 %
EBIT	2,715	210	8,998	779	> 100.0 %
EBT	2,678	226	8,913	628	> 100.0 %

Graphite segment

The increase of global graphite consumption still is noticeable, even though growth no longer is as dynamic as at the beginning of the year. Compared to the previous year segment sales slightly increased again in the third quarter, whereas the sales figure in the second quarter still had decreased.

For more than two years now the price development has been determined by the growing global demand and by political influences from China. The situation on the procurement markets has continued to change perceptibly. Conditions both with respect to pricing and to payment terms have rapidly developed in favour of raw material suppliers. We were able to step by step pass these more stringent procurement conditions on to our customers, which resulted in a corresponding increase of earnings. The first nine months apart from a volume-related increase of turnover also contain an earnings effect of about 20 %, which altogether resulted in a jump in turnover of 28.4 % to TEUR 32,110.

The burden from increased procurement prices was compensated by efficiency gains resulting from improved plant utilisation and from the operation of state-of-the-art production facilities. Higher project costs for the exploration of deposits in Brazil and Mozambique burden the selling, general and administrative expenses. The EBIT is additionally burdened by asset impairment expenses of TEUR 52 that result from the abandoning of exploration activities in Brazil. Since the deposits in Mozambique provide better quality and quantity we decided to only concentrate on these deposits for the time being. These expenses are necessary for us because in the future the access to our own raw material sources will ensure our increasing independence. The clearly improved earnings ratios in the third quarter also result in slightly improved margins for the total year

in TEUR	2011 June - Sept.	2010 June - Sept.	2011 Jan. - Sept.	2010 Jan. - Sept.	Change
Sales volume (in t)	6,287	6,151	18,747	17,354	8.0 %
Sales	10,917	9,080	32,110	25,005	28.4 %
Adjusted EBITDA	1,265	744	3,088	2,260	36.6 %
EBIT	607	515	1,558	880	77.0 %
EBT	422	44	623	154	> 100.0 %

Investments

Investment activities have further increased in the third quarter. The additions to property, plant and equipment from replacement and expansion investments amounted to TEUR 1,700, so that in the first nine months real investments totalled TEUR 4,212. Approximately 27 % or TEUR 1,156 of the investment total were allocated to the silicon-metal segment. A major part was used for the modernisation of the electrode system in a furnace, and preparatory work for the conversion of another furnace also was started.

In the graphite segment the investment volume amounted to TEUR 3,056. In addition to the construction of a new, more energy-efficient compressed-air station that was concluded in October, we also initiated urgent measures for improving flood protection at the Kropfmühl plant in the third quarter. These measures must be finished before winter starts. The starting up of the new micronising line is planned for January. Already in the first half year we created additional micronising capacities in China and installed a line for the production of lubricants to also extend local value creation in this application field.

Asset position

In the course of the third quarter the consolidated balance sheet total continued to increase. At 30 September 2011 the balance sheet total was TEUR 80,580. Since the beginning of the year the balance sheet total thus has increased by TEUR 6,871 or 9.3 %. The translation of financial statements prepared

in foreign currencies at 30 September only resulted in a small amount of TEUR 46. Adjusted for currency effects the balance sheet total increased by TEUR 6,825.

The increase in property, plant and equipment that was due to high investment activities decisively supports the increase in non-current assets. In the first nine months the non-current assets increased by 5.0 % or TEUR 2,118.

In the third quarter we also assigned costs resulting from the exploration of deposits in Mozambique to the intangible assets. In the first nine months we altogether capitalised costs in the amount of TEUR 281. In addition to regular depreciations of software and development costs we also considered impairment expenses for the costs of currently not pursued projects in Brazil, so that with only small currency-related influences the intangible assets altogether increased by TEUR 131. In property, plant and equipment the additions of TEUR 4,212, exclusively regular depreciations of TEUR 2,497, and currency-related changes resulted in an increase of TEUR 1,717 to TEUR 36,283. The increase of deferred taxes to TEUR 640 predominantly is due to temporary differences between tax values and the values in the consolidated interim financial statements in the pension obligations. The other non-current financial assets essentially comprise loans to business partners and employees and have increased to TEUR 240 since the beginning of the year.

The increase of other current assets of TEUR 4,753 particularly is due to higher inventories and trade receivables. The good development of turnover on the basis of granted payment terms is reflected in higher trade receivables. Due to higher procurement prices the inventories clearly increased especially in the graphite segment. In the silicon-metal segment we have started to build up safety inventories and winter stocks according to plans to be able to bridge the reduced ability to deliver of important raw material suppliers during the winter months. Purchases we make in foreign currencies are hedged by way of foreign currency derivatives. The high volatility on the currency markets with a distinct EUR weakness in September resulted in clearly higher market values of our USD derivatives that are reflected in the increase of current financial assets. Other current assets on the other hand have clearly decreased by TEUR 454. Apart from lower tax liabilities this development among others was borne by a decrease in advance payments. Since 31 December 2010 cash and cash equivalents have slightly decreased and amount to TEUR 1,391. The essential changes are described under the financial position.

The stable development of earnings continues to decisively contribute to the strengthening of the equity. The profit for the period of TEUR 6,812 with lower changes in the other comprehensive income resulted in an increase of the equity of TEUR 6,788 to TEUR 31,697. Due to this increase of 27.3 % that compared to the rise of the balance sheet total is disproportionately high, the equity ratio has clearly improved since the beginning of the year and amounts to 39.3 % on the reporting date.

Current and non-current liabilities altogether have slightly increased, which went along with a shift in the maturity structure. While non-current liabilities have clearly decreased, current liability positions have increased. Altogether we used the positive cashflow to clearly reduce the long- and short-term liabilities to banks by TEUR 3,375. Liability-side government grants also decreased because the requirements for the payment of one grant could not be fully met. Pension obligations clearly increased by TEUR 619, as did the current taxes payable. The development of earnings has resulted in a clear increase of the tax burden that was considered in adapted tax prepayments only in the course of the last quarter. The growing uncertainty on the markets that is due to the still unresolved debt crisis is reflected in the market values of our interest hedging derivatives and in addition to higher liabilities for auditing and consulting services also contributes to the increase of other financial liabilities. Despite a clear reduction of other tax liabilities the increase of performance-related management compensation resulted in a rise of other current liabilities. The other positions, however, remained almost unchanged.

Financial position

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

in TEUR	2011 Jan. – Sept.	2010 Jan. – Sept.
Profit for the period	6,812	623
Non-operative income and expenses	7,350	4,318
Changes of working capital	- 4,521	- 1,697
Net interest paid	- 1,026	- 1,063
Net tax paid	- 201	- 1,498
Others	- 457	- 122
Inflow (outflow) from operating activities	7,957	562
Outflow from investing activities	- 4,422	- 1,207
Outflow (inflow) from financing activities	- 3,585	734

The positive development of the financial position continued in the third quarter. The good earnings position is reflected in the inflow from operating activities, so that our investment activities could be financed fully from the operative cashflow. The free liquidity also was used for the regular repayment of loans and for a clear reduction of short-term utilisations of credit lines, and consequently for a clear reduction of the net debt to banks.

The higher capital commitment in the working capital is decisively influenced by the increase of trade receivables and inventories. While net interest payments have slightly decreased compared to the previous year, net tax payments were clearly reduced compared to the previous year because the adaptation of tax prepayments will lead to a high liquidity outflow only in the last quarter. The change of other cashflows essentially results from the repayment of a government grant we received in previous years.

In the third quarter the investment activities resulted in corresponding liquidity requirements. In addition to the implementation of expansion investments, flood protection improvement measures were started in Kropfmühl, so that altogether the outflow for real investments compared to the previous year (TEUR 1,196) has clearly increased to TEUR 4,133. Exploration activities in Mozambique have been further intensified, and in the third quarter project costs in the amount of TEUR 200 were capitalised in the intangible assets.

Apart from exclusively regular repayments in the amount of TEUR 2,177 for long-term loans and finance lease obligations the achieved free liquidity could be used for the repayment of short-term credit line utilisations. Whereas in the previous year an additional amount of TEUR 2,214 was still required as transitional financing, a repayment of TEUR 1,640 could be made in the first nine months. Already at the beginning of the year the payment of a loan resulted in an inflow of TEUR 232.

The net debt to banks has clearly decreased in the third quarter. In the course of the reporting quarter this ratio decreased by TEUR 2,384, which means a clear improvement also compared to the previous year and since 31 December 2010.

in TEUR	30.09.2011	31.12.2010	30.09.2010
Long term bank-debt	5,793	7,763	8,288
Short-term bank debt	11,972	13,377	12,465
Cash and cash equivalents	- 1,391	- 1,437	- 1,149
Net debt	16,374	19,703	19,604

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 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 course of the last quarter the economic early indicators have further diminished. The ifo business climate index still shows two sides. While the assessments concerning the current business situation still remain at a comparatively high level and the order books of key industries in Germany still are full, the short-term business expectations in October decreased for the ninth time in series to a value of 97 points and thus reached a level that last existed in the middle of the year 2009.

For the total year 2011 no essential effects from this development are expected in Germany. Because of the positive business and order situation many industry sectors in the real economy expect good to excellent business figures for the total year 2011. However, the joint economic forecast of autumn 2011 also shows that growth rates in the course of the year 2011 have more and more decreased, and that in the 4th quarter 2011 no further growth is expected for the first time since 10 quarters. Damping effects especially are attributable to the decrease in the energy sector and increasingly in the financial service sector, and to the seasonal decrease in the construction industry. For the total year 2011 the expectations both for Germany and for Europe were slightly corrected downwards. Germany is expected to generate an above-average GDP growth of almost 3 %, in the Euro region the GDP growth is expected to remain at 1.5 %.

The debt crisis in Europe increasingly has developed into an impediment to growth. Since the European rescue facility had to be more and more extended, and discussions of necessary measures did not yield any reliable solution, there is a growing danger that the debt crisis might further spread to banks and to the capital market.

The USA also faces a massive debt overhang that decisively influences the development there. The US Federal Reserve, however, responded to the weak economic development with an expansive monetary policy. All in all there still only is a slightly positive development that is considered unstable. Threshold countries, especially Asia, maintain an unbroken and stable growth.

For the year 2012 the expectations for the Euro region and for Germany have recently been massively reduced. In the middle of October the Federal Government halved its expectations and still expects a GDP growth of slightly less than 1 percent. This expectation approximately is in line with the expectation of the joint economic forecast project group, which expects a growth of 0.8 % for 2012. This means that

compared to the Euro region Germany again is expected to reach an above-average growth. Especially the debt states will not be able to overcome the recession. Due to the loss of confidence of the financial markets in Italy, this country according to expectations also will be pulled into the recession.

Course of business and earnings position

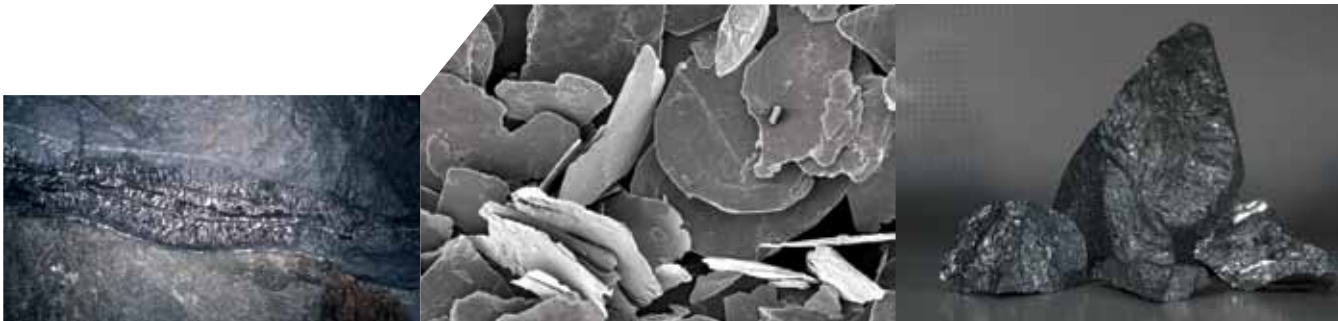
On the basis of the first nine months of the business year and the remaining business development the Graphit Kropfmühl group will be able to close the total year 2011 with a record turnover. We confirm our forecast of the second quarter and expect a consolidated turnover that will be clearly higher than EUR 110 million. Earnings ratios are expected to increase in line with the development of turnover.

This development is borne by both business segments and will result in good earnings ratios.

The implementation of investments in more efficient production facilities and in capacity expansions will continue according to plans. At the Pocking plant another furnace will be equipped with the new electrode system in 2012. The investment volume for this project amounts to approx. EUR 6 million. In Kropfmühl we will conclude the investments concerning the installation of an additional micronising line.

Against the background of high graphite raw material prices and based on our strategic aim of diversifying our raw material sources we will further pursue the exploration projects in Africa. In addition we are examining the possibility of resuming mining operations in Kropfmühl. In a close dialog with the responsible approval authorities we are currently discussing the governmental requirements for resuming operations. At the same time we are internally analysing the technical prerequisites so that we can make a decision at short notice.

The projects will be financed from the cashflow that is expected to remain positive. Additional financing requirements are reliably covered by firm financing commitments and by sufficient credit lines with our banks.



Consolidated financial statements as of 30 September 2011

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Consolidated financial statements as of 30 September 2011

Consolidated Balance Sheet as at 30 September 2011

ASSETS

	Notes no.	30 Sept. 2011 TEUR	31 Dec. 2010 TEUR
Non-current assets			
Intangible assets		6,884	6,753
Goodwill		6,108	6,103
Other intangible assets		776	650
Property, plant and equipment		36,283	34,566
Land and buildings		14,900	15,071
Machinery and technical equipment		16,433	17,072
Other assets, factory and office equipment		2,137	1,773
Construction in progress		2,813	650
Deferred tax assets		683	443
Other financial assets	(3)	240	210
		44,090	41,972
Current assets			
Inventories		19,759	17,068
Trade receivables		13,088	10,599
Receivables from affiliated companies		0	12
Other financial assets	(3)	323	163
Taxes receivable		741	816
Other current assets	(4)	1,188	1,642
Cash and cash equivalents		1,391	1,437
		36,490	31,737
		80,580	73,709

STOCKHOLDERS EQUITY AND LIABILITIES

	Notes no.	30 Sept. 2011 TEUR	31 Dec. 2010 TEUR
Equity			
Capital stock		8,640	8,640
Additional paid-in capital		5,568	5,568
Capital reserves		17,376	10,601
Minority interests		113	100
		31,697	24,909
Non-current liabilities			
Pension obligations		9,983	9,364
Non-current provisions		3,310	3,249
Long term bank-debt		5,793	7,763
Government grants		124	484
Deferred tax liabilities		1,115	1,148
Other financial liabilities	(5)	1,233	1,307
		21,558	23,315
Current liabilities			
Short-term bank debt		11,972	13,377
Trade payables		7,768	7,841
Liabilities to affiliated companies		2	0
Government grants		35	132
Other financial liabilities	(5)	1,411	1,141
Current taxes payable		2,874	206
Other financial liabilities	(6)	3,263	2,788
		27,325	25,485
		80,580	73,709

Consolidated financial statements as of 30 September 2011

Consolidated statement of comprehensive income for the time from 1 January to 30 September 2011

	Notes no.	2011 June – Sept. TEUR	2010 June – Sept. TEUR	2011 Jan. - Sept. TEUR	2010 Jan. - Sept. TEUR	Change
I. Profit and loss statement						
Turnover		30,639	25,065	91,310	71,709	27.3 %
Cost of sales		- 24,791	- 22,605	- 73,025	- 64,477	13.3 %
Gross profit		5,848	2,460	18,285	7,232	> 100.0 %
Selling, general and administrative expenses	(7)	-2,673	- 1,941	- 8,213	- 6,078	35.1 %
Restructuring and asset impairment expenses		0	0	- 52	0	
Other income		146	206	535	505	5.9 %
Operating profit (EBIT)		3,321	725	10,555	1,659	> 100.0 %
Interest income		- 11	18	66	16	> 100.0 %
Interest expenses		- 393	- 398	- 1,126	- 1,194	- 5.7 %
Foreign exchange result		182	- 75	40	301	- 86.7 %
Operating profit (EBIT)		3,099	270	9,535	782	> 100.0 %
Net finance costs	(8)	- 854	- 69	- 2,723	- 159	> 100.0 %
Profit for the year		2,245	201	6,812	623	> 100.0 %
thereof attributable to:						
Minority interests		9	- 7	14	30	
Shareholders of the company		2,236	208	6,798	593	
II. Other comprehensive income						
Foreign currency translation adjustment		13	- 166	- 46	336	not stated
Unrealised gains / losses on derivative financial instruments						
Change in unrealised gains / losses		130	- 241	- 90	- 251	
Realised gains (-) / losses (+)	(12)	34	45	119	149	
Net unrealised gains / losses		164	- 196	29	- 102	not stated
Income tax on income and expenses recognized in other comprehensive income						
Change of income tax on income and expenses recognized directly in equity		- 37	65	26	72	
Realised gains (-) / losses (+)	(12)	- 10	- 11	- 34	- 41	
Net unrealised gains / losses		- 47	54	- 8	31	not stated
Other comprehensive income after taxes		130	- 308	- 25	265	not stated
III. Total comprehensive income						
thereof attributable to:						
Minority interests		15	- 17	13	35	
Shareholders of the company		2,360	- 90	6,774	853	> 100.0 %

Consolidated financial statements as of 30 September 2011

Consolidated statement of cashflows for the time from 1 January to 30 September 2011

	2011 TEUR	2010 TEUR
I. Cashflow from operating activities		
1. Profit for the period	6,812	624
Adjustments for non-cash income and expenses:		
2. Depreciation on property, plant and equipment	2,497	2,359
3. Amortisation of intangible assets	155	99
4. Net finance costs	1,020	877
5. Income taxes	2,724	159
6. Gain on sale or disposal of non-current assets	- 10	0
7. Other changes in pension and recultivation liabilities	1,029	635
8. Other non-cash profit and loss items	- 65	298
Adjustments for changes of working capital:		
9. Change in inventories	- 2,681	716
10. Change in trade receivables	- 2,480	- 1,785
11. Change in other receivables	418	- 360
12. Change in trade payables, provisions and other liabilities	648	- 1
13. Payment of recultivation costs	- 78	- 77
14. Payment of pension liabilities	- 348	- 299
15. Change in government grants	- 457	- 122
16. Interest received	22	16
17. Interest paid	- 1,048	- 1,079
18. Income taxes paid and received	- 201	- 1,498
Cashflow from operating activities	7,957	562
II. Cashflow from investing activities		
1. Acquisition of property, plant and equipment	- 4,133	- 1,196
2. Outflow for investments in intangible assets	- 281	- 7
3. Outflow for investments in financial assets	10	36
4. Inflow from the disposal of fixed assets	- 18	- 40
Cashflow from investing activities	- 4,422	- 1,207
III. Cashflow from financing activities		
1. Proceeds from issuance of debt	232	0
2. Repayment of borrowings	- 1,979	- 1,381
3. Repayment for finance lease contracts	- 198	- 98
4. Proceeds / Repayment from short-term debt	- 1,640	2,214
5. Others	0	- 1
Cashflow from financing activities	- 3,585	734
IV. Cash and cash equivalents		
1. Net increase (decrease) in cash and cash equivalents	- 50	89
2. Effect of exchange rate fluctuations on cash held	4	58
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	1,391	1,149

Consolidated financial statements as of 30 September 2011

Statement of changes in equity at 30 September 2011

	Balance at	Change	Balance at
	31 Dec. 2009	Comprehensive income	30 Sept. 2010
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	8,500	853	9,353
Other revenue reserves	1,193	260	1,453
Currency conversion	250	331	581
Financial instruments	- 406	- 71	- 477
Generated stockholders equity	7,307	593	7,900
Capital attributable to shareholders	22,708	853	23,561
Minority interests	49	35	84
Equity	22,757	888	23,645
	31 Dec. 2010	Comprehensive income	30 Sept. 2011
Capital stock	8,640	0	8,640
Additional paid-in capital	5,568	0	5,568
Revenue reserves	10,601	6,775	17,376
Other revenue reserves	1,646	- 24	1,621
Currency conversion	590	- 45	545
Financial instruments	- 293	22	- 271
Generated stockholders equity	8,955	6,812	15,753
Capital attributable to shareholders	24,809	17,375	31,584
Minority interests	100	13	113
Equity	24,909	17,388	31,697

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 30 September 2011 were prepared in compliance with IAS 34 as applicable at 1 January 2011. 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

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

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.

The consolidation methods remain unchanged compared to the previous year.

II. Selected explanatory notes on balance sheet

(3) Other financial assets

	30.09.2011	31.12.2010	Change
Granted loans (non-current)	240	205	17.1 %
Other financial assets (non-current)	0	5	- 100.0 %
Subtotal (non-current)	240	210	14.3 %
Granted loans (current)	105	46	> 100.0 %
Financial derivatives (current)	213	117	82.1 %
Other financial assets (current)	5	0	not stated
Subtotal (current)	323	163	> 100.0 %
Total	563	373	50.9 %

Consolidated financial statements as of 30 September 2011

(4) Other current assets

	30.09.2011	31.12.2010	Change
Other tax refund claims	308	448	- 31.3 %
Refund claims from the professional association	117	127	- 7.9 %
Advance payments on inventories	527	714	- 26.2 %
Prepaid expenses	115	72	59.7 %
Other assets	121	281	- 56.9 %
Total	1,188	1,642	- 27.6 %

(5) Other financial liabilities

	30.09.2011	31.12.2010	Change
Financial derivatives (long-term)	588	514	14.4 %
Finance lease (long-term)	600	712	- 15.7 %
Other financial liabilities (long-term)	45	81	- 44.4 %
Subtotal (long-term)	1,233	1,307	- 5.7 %
Financial derivatives (short-term)	244	262	- 6.9 %
Finance lease (short-term)	230	207	11.1 %
Professional fees	422	334	26.3 %
Other financial liabilities (short-term)	515	338	52.4 %
Subtotal (short-term)	1,411	1,141	23.7 %
Total	2,644	2,448	8.0 %

(6) Other current liabilities

	30.09.2011	31.12.2010	Change
Other tax liabilities	265	798	- 66.8 %
Professional association	92	120	- 23.3 %
Liabilities under partial retirement models	269	367	- 26.7 %
Other liabilities to employees	2,197	834	> 100.0 %
Received advance payments on orders	178	64	> 100.0 %
Supervisory Board compensation	63	107	- 41.1 %
Other current liabilities	199	498	- 60.0 %
Total	3,263	2,788	17.0 %

III. Selected explanatory notes on comprehensive income

(7) Selling, general and administrative expenses

	2011 June - Sept.	2010 June - Sept.	2011 Jan. - Sept.	2010 Jan. - Sept.
Selling expenses	435	343	1,211	1,088
General administrative expenses	1,882	1,229	5,834	3,926
Research and development expenses	228	218	675	627
Other operating expenses	128	151	493	437
Total	2,673	1,941	8,213	6,078

(8) Income tax expense

	2011 June - Sept.	2010 June - Sept.	2011 Jan. - Sept.	2010 Jan. - Sept.
Current taxes	- 937	- 116	- 2,984	- 288
Deferred taxes	83	47	261	129
Total	- 854	- 69	- 2,723	- 159

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 June - Sept.	2010 June - Sept.	2011 Jan. - Sept.	2010 Jan. - Sept.
Profit for the year attributable to shareholders of the company (TEUR)	2,236	208	6,798	593
Number of shares	2,880,000	2,880,000	2,880,000	2,880,000
Earnings per share (EUR)	0.78	0.07	2.36	0.21

(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 4,212 contain TEUR 79 (previous year: TEUR 1,017) that were acquired through corresponding agreements.

Consolidated financial statements as of 30 September 2011

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 September in TEUR	Silicon-metal		Graphite		Transition		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Turnover	59,200	46,704	32,114	25,005	- 4	0	91,310	71,709
D/A/CH	54,610	42,543	17,278	12,964			71,888	55,507
Other European countries	4,078	3,751	7,152	6,434			11,230	10,185
Asia / Pacific	309	285	6,046	4,038			6,355	4,323
North- and South America	182	113	933	1,088			1,115	1,201
Rest of the world	21	12	701	481			722	493
Intersegment turnover	0	0	4	0	- 4	0	0	0
Adjusted EBITDA	10,221	2,158	3,088	2,260			13,309	4,418
Recultivation expenses	0	0	61	0			61	0
Restructuring expenses	0	0	0	0			0	0
Foreign exchange result	9	224	31	77			40	301
Depreciation and amortisation	1,214	1,155	1,386	1,303			2,600	2,458
Impairment expenses exploration expenses	0	0	52	0			52	0
EBIT	8,998	779	1,558	880			10,555	1,659
Segment assets	45,538	39,125	43,645	36,648	- 8,603	- 5,145	80,580	70,628
Employees (30 September)	110	107	396	372			506	479

(12) Derivative financial instruments

From January to September 2011, TEUR 85 (previous year: TEUR 108) were reclassified from the other comprehensive income to the consolidated profit for the period. Of these, TEUR - 76 (previous year: TEUR - 91) were attributed to the "cost of sales" position. TEUR 195 (previous year: TEUR 240) were recognised in the net finance costs. On the total change TEUR 34 (previous year: TEUR 41) had to be recognised as income in the income taxes.

(13) Commitments for the purchase of property, plant and equipment

At 30 September 2011 there were commitments under already placed orders for the manufacture and purchase of property, plant and equipment in the amount of TEUR 1,756 (previous year: TEUR 421).

(14) Events after the closing date

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

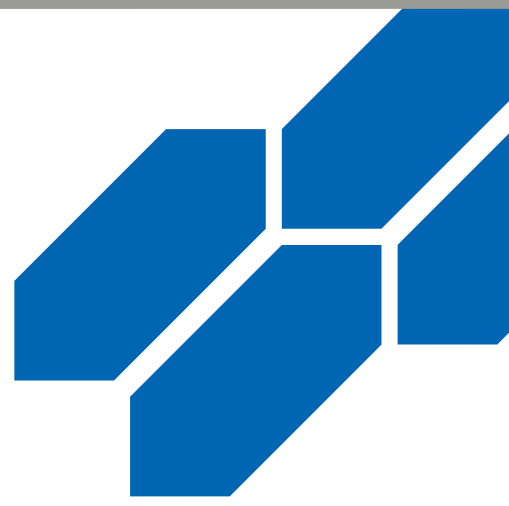
Kropfmühl, 4 November 2011

Graphit Kropfmühl Aktiengesellschaft
München

Martin Ebeling
Chief Executive Officer

Hans-Detlef Antel
Managing Director

Frank Berger
Managing Director



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

Chairman of the Supervisory Board
Dr. Heinz Schimmelbusch

Financial calendar
23. November 2011

German Equity Forum, Frankfurt (Main)
14:15 - Room London
Annual General Meeting, Munich

20. Juni 2012



Graphit Kropfmühl AG

A Member of



AMG Advanced Metallurgical Group NV.