



## AMG REPORTS FOURTH QUARTER AND FULL YEAR 2009 RESULTS

### Key Highlights

- Revenue was \$231.4 million in the fourth quarter 2009; full year revenue was \$867.4 million
- EBITDA<sup>1</sup> was \$12.4 million in the fourth quarter 2009; full year EBITDA was \$69.1 million
- EPS on a fully diluted basis was (\$1.13) in the fourth quarter 2009; full year EPS, was (\$2.82); Adjusted EPS, excluding Timminco and non-recurring charges on a fully diluted basis was \$0.03 in the fourth quarter 2009; full year EPS, was (\$0.39)
- The Advanced Materials Division continued to recover in the second half of 2010; fourth quarter revenue was \$124.3 million; EBITDA was \$5.3 million
- The Engineering Systems Division fourth quarter revenue was \$73.8 million; EBITDA was \$5.9 million
- Graphit Kropfmühl fourth quarter revenue was \$33.3 million; EBITDA was \$1.2 million
- As of 31 December 2009 cash on hand was \$117.0 million, net debt of \$86.8 million; \$34.1 million full year 2009 free cash flow<sup>2</sup>

*Amsterdam, 17 March 2010 (Regulated Information)* --- AMG Advanced Metallurgical Group N.V. ("AMG", EURONEXT AMSTERDAM: "AMG") reported fourth quarter 2009 revenue of \$231.4 million a 17% decrease from \$280.1 million in the fourth quarter 2008.

EBITDA increased 264% to \$12.4 million in the fourth quarter 2009 from \$3.4 million in the fourth quarter 2008. Net loss attributable to shareholders for the fourth quarter 2009 was (\$30.2) million, or (\$1.13) per fully diluted share. Excluding non-recurring charges and Timminco, AMG's net income attributable to shareholders for the fourth quarter 2009 was \$0.8 million, or \$0.03 per fully diluted share. Net loss attributable to shareholders for the fourth quarter 2008 was (\$54.1) million, or (\$1.96) per fully diluted share.

Full year 2009 revenue decreased 32% to \$867.4 million, from \$1,280.1 million in 2008. EBITDA decreased 58% to \$69.1 million in 2009 compared with \$165.3 million in 2008. Net loss attributable to shareholders for the full year 2009 was (\$75.6) million, or (\$2.82) per fully diluted share. Excluding non-recurring charges and Timminco, AMG's net loss attributable to shareholders for the full year 2009 was (\$10.6) million, or (\$0.39) per fully diluted share. Net income attributable to shareholders for continuing operations for the full year 2008, excluding

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(1) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items.  
(2) Free cash flow is defined as EBITDA less change in working capital and maintenance capital expenditures

the non-recurring write down in AMG's investment in Graphit Kropfmühl, was \$74.3 million, or \$2.70 per fully diluted share.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, commented: "2009 was a challenging year. Our end primary markets of aerospace, energy, infrastructure and specialty metals and chemicals underwent dramatic contractions and dislocations caused by the global economic crisis. While AMG's portfolio approach to metallurgical based solutions helped stabilize the impact on revenues, we were still significantly affected across all of our business units. The Advanced Materials Division's revenues and earnings improved in the second half of 2009, driven by the recovery in the global economy. The Engineering Systems Division entered 2009 with a significant order backlog, but the market for capital equipment deteriorated as the year progressed. Graphit Kropfmühl delivered consistent results throughout the year, driven by resiliency in the energy and specialty chemicals markets, but profits were impacted by higher raw material costs. During the fourth quarter, however, demand improved with revenue increasing in both Advanced Materials and Engineering Systems. We remain focused on our long term business strategy and we expect to see a substantial improvement in market conditions in the second half of 2010."

### Accounting Note

On September 28, 2009, the Company reduced its ownership percentage of Timminco from 50.8% to 47.9%. AMG owned 42.5% of Timminco as of December 31, 2009. As such, AMG accounts for Timminco under the IFRS equity method of accounting. For purposes of this release, this accounting treatment requires AMG to deconsolidate its investment in Timminco as of September 28 and include Timminco's quarterly and year to date financial results as one line item – "discontinued operations" on the profit and loss statement. For the fourth quarter, Timminco's results are shown in the line item share of loss from associates. The carrying value of AMG's investment in Timminco is included as an "Investment in Associate" on the asset portion of AMG's balance sheet. As such, the Key Figures below except for net income attributable to shareholders and earnings per share exclude the financial performance of Timminco during the period and all prior year figures have been restated to exclude Timminco.

### Key Figures

*In 000's US Dollar*

	<b>Q4 '09</b>	<b>Q4 '08</b>	<b>Change</b>	<b>FY '09</b>	<b>FY '08</b>	<b>Change</b>
<b>Revenue</b>	<b>\$231,388</b>	<b>\$280,076</b>	<b>(17%)</b>	<b>\$867,447</b>	<b>\$1,280,120</b>	<b>(32%)</b>
Gross profit	46,354	35,671	30%	165,587	262,369	(37%)
Gross margin	20.0%	12.7%		19.1%	20.5%	
Operating income (loss)	1,840	(51,094)	N/A	20,561	78,869	(74%)
Operating margin	0.8%	N/A		2.4%	6.2%	
<b>Net (loss) income attributable to shareholders</b>	<b>(30,227)</b>	<b>(54,096)</b>	<b>N/A</b>	<b>(75,642)</b>	<b>14,453</b>	<b>N/A</b>

EPS- Fully diluted	(\$1.13)	(\$1.96)		(\$2.82)	\$0.53	
Adjusted EPS-Fully diluted <sup>(1)</sup>	\$0.03	(\$0.38)		(\$0.39)	2.70	
<b>EBIT <sup>(1)</sup></b>	<b>6,165</b>	<b>(3,193)</b>	<b>N/A</b>	<b>45,370</b>	<b>140,453</b>	<b>(68%)</b>
<b>EBITDA <sup>(1) (2)</sup></b>	<b>12,432</b>	<b>3,413</b>	<b>264%</b>	<b>69,128</b>	<b>165,330</b>	<b>(58%)</b>
EBITDA margin	5.4%	1.2%		8.0%	12.9%	

Notes:

- (1) Adjusted for non-recurring, restructuring charges, discontinued operations and equity accounting treatment for AMG's investment in Timminco
- (2) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items

## Operational Review- Fourth Quarter 2009

### *Advanced Materials Division*

	<b>Q4 '09</b>	<b>Q4 '08</b>	<b>Change</b>
Revenue	\$124,306	\$146,469	(15%)
Gross profit	20,827	1,180	1665%
Operating income (loss)	689	(14,853)	N/A
EBITDA	5,331	(13,270)	N/A
Capital expenditures	4,983	13,648	(63%)

The Advanced Materials division's fourth quarter 2009 financial results continued to be impacted by sluggish demand for the majority of its products, most notably in the steel, superalloy and titanium markets. Fourth quarter revenue decreased 15% to \$124.3 million from the fourth quarter 2008.

Gross margin percentage increased from 1% of revenue in the fourth quarter of 2008 to 17% in the fourth quarter of 2009. The 2008 gross margin was impacted by a write down in ferrovanadium inventories. Gross margin in 2009 was characterized by slightly lower volumes in most specialty metals and a decline in end product prices slightly offset by cost containment measures, from the fourth quarter of 2008. The decrease in revenue and margins was primarily caused by ferrovanadium, with reference prices decreasing by 47% and volumes declining by 12% over the fourth quarter 2008. Titanium master alloys, vanadium chemicals, ferronickel-molybdenum and ferrotitanium products were also impacted by falling end market prices. Even more significant were the decreased volumes as the result of decreased global demand. Aluminium master alloys volumes decreased 9% and titanium master alloys volumes declined by 80% during the fourth quarter 2009 compared to the fourth quarter 2008. Despite these challenges, end market demand continued to improve slowly from a bottom in the second quarter of 2009.

The fourth quarter 2009 EBITDA increased by \$18.6 million to \$5.3 million, compared to the same period in 2008. This was the result of the increase in gross margin, which was driven by cost savings and efficiency initiatives implemented during 2009. Sequentially, fourth quarter 2009 EBITDA was essentially flat, with increases in revenues and margins offset by corporate costs.

Capital expenditures were \$5.0 million for the third quarter 2009, 63% less than the comparable period in 2008. The Division was only performing maintenance capital investment during the quarter because of the cost containment measures.

### *Engineering Systems Division*

	<b>Q4 '09</b>	<b>Q4 '08</b>	<b>Change</b>
Revenue	\$73,809	\$106,730	(31%)
Gross profit	22,415	32,252	(31%)
Operating income	1,542	12,173	(87%)
EBITDA	5,895	16,090	(63%)
Capital expenditures	2,988	9,384	(68%)

The Engineering Systems division's order intake was significantly affected by the global economic slowdown as customers continued to defer investment decisions during the fourth quarter 2009 because of the weak credit markets and a slow recovery in their end market demand. Order backlog was at \$162 million on December 31, 2009, down 21% from \$204 million on September 30, 2009. The decrease was primarily due to a significant reduction in orders for solar furnace systems to \$12 million during the quarter. Overall, order intake was \$47 million during the fourth quarter 2009, only slightly below \$48 million in the third quarter 2009. The backlog consists primarily of melting and remelting systems for the titanium and specialty steel industries and solar silicon DSS furnaces.

Fourth quarter 2009 revenue decreased by \$32.9 million or 31% compared to the same period 2008. Sales of solar silicon DSS melting furnaces for the photovoltaic industry decreased 53% in the fourth quarter 2009 compared to the same period in 2008. During the fourth quarter 2009, 49% of revenue was generated by sales of solar silicon and melting furnaces, down from 59% in the same period 2008. Revenue from remelting systems, primarily for the aerospace and specialty steel industries, decreased by 67% during the fourth quarter 2009. The recently implemented nuclear business contributed \$4.3 million in revenue during the fourth quarter, a 54% increase over the same period 2008.

Despite these challenging markets, the Engineering Systems division was able to stabilize gross margin at 30% of revenue in the fourth quarter 2009 the same level as in the fourth quarter 2008. The stable gross margin was due to constant prices per unit and a slight decrease in raw material prices.

Fourth quarter 2009 EBITDA was \$5.9 million, a 63% decrease over the same period in 2008. The EBITDA margin decreased to 8% during the fourth quarter 2009 compared to 15% for the same period in 2008. The EBITDA margin decrease was attributable to the lower revenue, and increases in research and development and corporate expenses.

Capital expenditures decreased to \$3.0 million in the fourth quarter 2009, 68% less than the comparable period in 2008. This decrease was a result of the completion of the expansion of the Berlin production plant and the heat treatment services facility in Mexico during 2008 as well as the focus on minimizing capital investment during the fourth quarter 2009.

### *Graphit Kropfmühl*

	<b>Q4 '09</b>	<b>Q4 '08</b>	<b>Change</b>
Revenue	\$33,273	\$26,877	24%
Gross profit	3,112	2,239	39%
Operating loss	(391)	(48,414)	99%
EBITDA	1,206	593	103%
Capital expenditures	762	3,335	(77%)

Graphit Kropfmühl's ("GK") fourth quarter 2009 revenue increased by 24% primarily due to an increase in silicon metal revenues.

Gross margin improved to 9% of revenue in the fourth quarter 2009 from 8% of revenues in the fourth quarter 2008. The fourth quarter 2008 operating income of negative \$48.4 million was a result of purchase accounting adjustments and asset impairment charges related to the acquisition of GK.

Fourth quarter 2009 EBITDA was \$1.2 million, a 103% increase compared to the fourth quarter 2008. The EBITDA margin increased to 4% during the fourth quarter 2009 compared to 2% in the same period 2008. The EBITDA margin increase was attributable to the increase in revenue in both silicon and graphite and a slight decrease in SG&A expenses.

Capital expenditures decreased to \$0.8 million for the fourth quarter 2009, 77% less than the same period 2008. The decrease in capital expenditures was a result of the completion of the expansion of the silicon metal facilities in early 2009.

### **Operational Review - Year 2009**

#### *Advanced Materials Division*

	<b>FY '09</b>	<b>FY '08</b>	<b>Change</b>
Revenue	\$429,083	\$756,726	(43%)
Gross profit	47,866	124,208	(61%)
Operating (loss) income	(28,761)	49,293	N/A
EBITDA	(36)	62,060	N/A
Capital expenditures	11,546	31,767	(64%)

Advanced Materials' 2009 revenue decreased by \$327.6 million, or 43%, to \$429.1 million. Gross profit decreased by \$76.3 million or 61% to \$47.9 million due to lower average selling prices of many products and ferrovanadium in particular. SG&A expenses decreased slightly from \$70.4 million to \$68.1 million as a result of the decrease in direct costs offset by an increase in corporate expenses. EBITDA decreased to breakeven due to the decrease in gross profit, slightly offset by a decrease in SG&A.

Gross margins decreased from 16% in 2008 to 11% in 2009. This was caused by significantly lower end product prices on average and decreased volumes, particularly in ferrovanadium and coatings materials.

Operating loss in 2009 was (\$28.8) million, down from income of \$49.3 million in 2008. This was primarily due to the decrease in gross profit, which was slightly offset by the slight decrease in selling, general and administrative expenses, attributable to cost containment measures.

Capital expenditures were \$11.5 million for the year, 64% less than 2008. The Division performed only essential capital investment during 2009 to lower costs and increase capacity. These investments included the completion of the tantalum mine and hydropower facility expansion which began in 2008.

### *Engineering Systems Division*

	<b>FY '09</b>	<b>FY '08</b>	<b>Change</b>
Revenue	\$320,530	\$435,462	(26%)
Gross profit	105,776	136,296	(22%)
Operating income	48,015	83,495	(42%)
EBITDA	62,885	95,632	(34%)
Capital expenditures	6,735	29,648	(77%)

Engineering Systems' order intake for 2009 was \$183.7 million. Engineering Systems' 2009 revenue decreased by \$114.9 million, or 26%, to \$320.5 million. Gross profit decreased by \$30.5 million or 22% to \$105.8 million due to the significant decrease in revenues, particularly from advanced vacuum remelting systems for titanium. SG&A expenses increased by \$0.8 million to \$58.1 million as cost cutting measures in the Division were offset by an increase in R&D spending related to new casting technology. EBITDA decreased by \$32.7 million to \$62.9 million as a result of the decrease in gross profit.

Gross margins increased from 31% in 2008 to 33% in 2009. This was caused by a favourable product mix involving high volumes of solar DSS furnaces and the in sourcing of production, which reduced cost of goods sold.

2009 operating income was \$48.0 million, down 42% from \$83.5 million in 2008. This was primarily due to the decrease in revenues and gross profit.

Capital expenditures were \$6.7 million for the year, 77% less than 2008. The decrease was the result of the completion of the DSS production facility and heat treatment service operations during 2008 and only essential investments being performed in 2009.

### *Graphit Kropfmühl*

	<b>FY '09</b>	<b>8 months '08<sup>(1)</sup></b>
Revenue	\$117,834	\$87,932

Gross profit	11,945	1,865
Operating income (loss)	1,307	(53,919)
EBITDA	6,279	7,638
Capital expenditures	7,251	7,014

Notes:

- (1) 2008 Gross profit and operating income include purchase accounting adjustments in the amount of \$10.8 million and \$12.0 million, respectively.

AMG consolidated GK from May 2008 forward, when it acquired control. For the eight months ended 31 December GK generated \$87.9 million in revenue and \$1.9 million in gross profit. The gross profit was primarily attributable to the silicon metal business unit, offset by \$10.8 million in purchase accounting related to the acquisition of GK by AMG. EBITDA was \$7.6 million or 9% of revenue. GK spent \$7.0 million in capital expenditures during the period, primarily on the expansion of production capacity in the silicon metal operations.

GK generated full year 2009 revenue of \$117.8 million and \$11.9 million in gross profit. 55% of the gross profit was generated by the silicon metal unit and 45% was generated from the natural graphite business unit. 2009 EBITDA was \$6.3 million or 5% of revenue. GK spent \$7.3 million in capital expenditures primarily due to the expansion of a silicon furnace and the relocation and upgrading of certain natural graphite production activities.

### *Timminco*

AMG's ownership in Timminco decreased to less than 50% of Timminco's common equity as the result of issuance of shares by Timminco during the third quarter 2009. AMG owned 42.5% of Timminco's common equity as of December 31, 2009. AMG now accounts for its investment in Timminco via the equity accounting method. Timminco's net loss through nine months is included in discontinued operations while its losses since deconsolidation are included in share of loss from associates on AMG's income statement and the carrying value of AMG's investment in Timminco of \$19.5 million is reported as an asset on AMG's balance sheet. Additional information on Timminco and its fourth quarter 2009 financial statements can be found at [www.Timminco.com](http://www.Timminco.com).

## **Financial Review**

### *Taxes*

AMG recorded a tax provision of \$15.2 million in the year ended 31 December 2009 on pre-tax losses of \$28.6 million. This does not compare favourably with the normalized effective tax rate of 38%. This is due to a \$27.5 million loss from AMG's share in Timminco's losses in the fourth quarter of 2009, which is not deductible for tax purposes. Additionally, there are losses being generated in jurisdictions where AMG already has significant net operating losses. The inability to recognise these tax benefits is due to the Company's historical net operating loss position of the subsidiaries where the expenses were recorded.

## Liquidity

	Q4' 09	Q4'08 <sup>(1)</sup>	Change
Total debt	\$203,796	\$183,352	11%
Cash & short-term investments	117,016	139,786	(16%)
Net debt (cash)	86,780	43,566	99%

Notes:

(1) Restated to eliminate Timminco for comparative purposes.

AMG had a net debt position of \$6.8 million as of December 31 2009. The Company's liquidity position decreased by \$43.2 million, due to \$25.5 million of capital investments and \$33.9 million of capital infusions into Timminco, offset by \$16.4 million operating cash flows from continuing operations.

Recently AMG reached agreement to amend its senior credit facility (the "Credit Facility") to improve financial flexibility and position itself to be able to take advantage of potential market opportunities.

AMG's Credit Facility consists of a \$100 million term loan and a \$175 million multicurrency revolving credit facility. The Credit Facility matures on August 30, 2012. AMG has increased its senior net debt leverage covenant from 2.00x trailing twelve months EBITDA, as defined in the Credit Facility, to 3.00x trailing twelve months EBITDA. The total leverage covenant remains unchanged at 3.75x trailing twelve months EBITDA.

## Cash Flow

	Twelve months ended	
	31 December 2009	31 December 2008
<b>Cash flows (used in) from operations</b>	<b>\$(2,091)</b>	<b>\$123,353</b>
Capital expenditures	(25,532)	(68,429)
Acquisitions, net of cash	-	(69,993)
Cash flows used in discontinued operations	(32,039)	(65,485)
Cash flows from other investing	(32,610)	(16,783)
<b>Cash flows used in investing activities</b>	<b>(90,181)</b>	<b>(220,690)</b>
<b>Cash flows generated from financing activities</b>	<b>15,060</b>	<b>30,774</b>
Cash flows used in discontinued operations	47,578	48,800
<b>Effect of exchange rates on cash held</b>	<b>3,177</b>	<b>(11,322)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(26,457)</b>	<b>(29,085)</b>

Cash flows from operations were (\$2.1) million for full year 2009 as compared to \$123.4 million in 2008. 2009 cash flows from operations were down significantly year over year, as a result of a \$96.2 million decrease in EBITDA, and a \$26.1 million increase in working capital, as compared to 2008. The working capital increase is the result of a decrease in accounts payable and customer deposits in the Engineering Systems division, offset by a decrease in inventory due to lower raw material prices and inventory levels for the Advanced Materials division's products. Inventories declined by \$52.8 million within continuing operations.



Cash used in investing activities was \$90.2 million in 2009. This decrease of \$130.5 million from 2008 is primarily related to the \$42.9 million decrease in capital investments, primarily in Advanced Materials and Engineering Systems and the \$62.9 million cost for the purchase of approximately 79.5% of Graphit Kropfmühl in 2008.

2009 cash from financing activities was \$62.6 million, a decrease of \$16.9 million from 2008. This decrease was primarily the result of two factors, \$20.0 million borrowed on the credit facility for the acquisition of approximately 79.5% of Graphit Kropfmühl in April 2008, and \$10.7 million borrowings to fund the working capital increases in Advanced Materials during 2008, offset in 2009 by a net \$14.4 million draw down from various credit facilities.

### *Outlook*

The market continues to show signs of improvement. The Advanced Materials division is currently benefitting from increases in specialty metals prices and demand, albeit from low levels. The Engineering Systems division entered 2010 with a substantially reduced backlog compared to 2009. Requests for new orders are increasing from mid-year 2009 low levels, but the first half of 2010 will continue to be challenging. GK's end markets are also gradually improving, but this growth is not expected to accelerate until the second half of the year. AMG remains positive on long term growth prospects for its core markets of aerospace, energy, infrastructure and specialty metals and chemicals, however most of the near term growth is expected to occur later in the year. Overall, AMG expects its portfolio of metals based technology businesses to produce results ahead of 2009 levels.

Unaudited  
AMG Advanced Metallurgical Group N.V.  
Consolidated Income Statement

*For the year ended December 31*

*In thousands of US Dollars*

	2009	2008
Continuing operations		*Restated
Revenue	867,447	1,280,120
Cost of sales	701,860	1,017,751
Gross profit	165,587	262,369
Selling, general and administrative expenses	137,537	138,227
Restructuring expense	7,782	2,879
Asset impairment expense	1,718	47,119
Environmental expense	3,998	1,433
Other expenses	173	2,430
Other income	(6,182)	(8,588)
Operating profit	20,561	78,869
Interest expense	18,419	20,077
Interest income	(3,587)	(6,414)
Foreign exchange loss	2,418	5,071
Net finance costs	17,250	18,734
Share of (loss) gain of associates	(31,958)	547
(Loss) profit before income tax	(28,647)	60,682
Income tax expense	15,205	36,962
(Loss) profit for the year from continuing operations	(43,852)	23,720
Loss after tax for the year from discontinued operations	(54,378)	(21,162)
(Loss) profit for the year	(98,230)	2,558
Attributable to:		
Shareholders of the Company	(75,642)	14,453
Minority interests	(22,588)	(11,895)
	(98,230)	2,558
(Loss) earnings per share		
Basic (loss) / earnings per share	(2.82)	0.54
Diluted (loss) / earnings per share	(2.82)	0.53
(Loss) earnings per share from continuing operations		
Basic (loss) / earnings per share from continuing operations	(1.77)	0.94
Diluted (loss) / earnings per share from continuing operations	(1.77)	0.92

Unaudited  
AMG Advanced Metallurgical Group N.V.  
Consolidated Income Statement

*For the three months ended December 31*  
*In thousands of US Dollars*

	2009	2008
Continuing operations		*Restated
Revenue	231,388	280,076
Cost of sales	185,034	244,405
Gross profit	46,354	35,671
Selling, general and administrative expenses	42,605	36,754
Restructuring expense	2,087	2,750
Asset impairment expense	1,718	47,119
Environmental expense	(164)	1,402
Other expenses	65	2,384
Other income	(1,797)	(3,644)
Operating profit (loss)	1,840	(51,094)
Interest expense	2,538	3,700
Interest income	(970)	(1,387)
Foreign exchange loss	2,594	2,977
Net finance costs	4,162	5,290
Share of loss of associates	(29,273)	(34)
(Loss) before income tax	(31,595)	(56,418)
Income tax (benefit) expense	(2,436)	3,870
Loss for the year from continuing operations	(29,159)	(60,288)
Profit after tax for the year from discontinued operations	202	1,195
Loss for the year	(28,957)	(59,093)
Attributable to:		
Shareholders of the Company	(30,227)	(54,096)
Minority interests	1,270	(4,997)
	(28,957)	(59,093)
(Loss) earnings per share		
Basic (loss) / earnings per share	(1.13)	(2.02)
Diluted (loss) / earnings per share	(1.13)	(1.96)
(Loss) earnings per share from continuing operations		
Basic (loss) / earnings per share from continuing operations	(1.13)	(2.04)
Diluted (loss) / earnings per share from continuing operations	(1.13)	(1.98)

Unaudited

AMG Advanced Metallurgical Group N.V.  
Consolidated Statement of Financial Position  
As at December 31

<i>In thousands of US Dollars</i>	2009	2008
<b>Assets</b>		
Property, plant and equipment	211,022	313,470
Intangible assets	28,253	47,060
Investments in associates	34,794	15,700
Derivative financial instruments	1,718	-
Deferred tax assets	10,912	29,181
Restricted cash	13,263	15,889
Notes receivable	5,542	2,132
Other assets	11,980	11,612
Total non-current assets	317,484	435,044
Inventories	193,378	318,793
Trade and other receivables	147,787	173,422
Derivative financial instruments	4,954	6,393
Other assets	30,359	52,804
Short term investments	-	95
Cash and cash equivalents	117,016	143,473
Total current assets	493,494	694,980
Total assets	810,978	1,130,024
<b>Equity</b>		
Issued capital	725	724
Share premium	379,518	379,297
Other reserves	31,284	(2,215)
Retained earnings (deficit)	(198,897)	(123,110)
Equity attributable to shareholders of the Company	212,630	254,696
Minority interests	15,793	57,115
Total equity	228,423	311,811
<b>Liabilities</b>		
Loans and borrowings	168,319	138,990
Employee benefits	91,358	103,176
Provisions	14,862	12,841
Government grants	669	291
Other liabilities	7,984	9,245
Derivative financial instruments	1,339	3,530
Deferred tax liabilities	26,395	56,013
Total non-current liabilities	310,926	324,086
Loans and borrowings	3,464	3,021
Short term bank debt	32,013	83,566

Related party debt	-	6,456
Government grants	234	8,360
Other liabilities	46,179	53,882
Trade and other payables	69,791	156,697
Derivative financial instruments	6,048	15,419
Advance payments	54,764	94,049
Unearned revenue	-	35,624
Current taxes payable	36,050	14,708
Provisions	23,086	22,345
Total current liabilities	271,629	494,127
Total liabilities	582,555	818,213
Total equity and liabilities	810,978	1,130,024

Unaudited

AMG Advanced Metallurgical Group N.V.

Consolidated Statement of Cash Flows

For the year ended December 31

In thousands of US Dollars

	2009	2008
Cash flows (used in) from operating activities		*Restated
(Loss) profit for the period from continuing operations	(43,852)	23,720
(Loss) for the period from discontinued operations	(54,378)	(21,162)
(Loss) profit for the period	(98,230)	2,558
Adjustments to reconcile profit to net cash flows:		
Non-cash:		
Depreciation and amortization	23,758	24,877
Amortization of purchase accounting adjustment to inventory	-	8,178
Restructuring expense	7,782	2,879
Asset impairment loss	1,718	47,119
Environmental expense	3,998	1,433
Net finance costs	17,250	18,734
Share of loss (gain) of associates	31,958	(547)
Loss (gain) on sale or disposal of property, plant and equipment	6,253	(547)
Equity-settled share-based payment transactions	13,729	16,909
Cash-settled share-based payment transactions	3,605	-
Income tax expense	15,205	36,962
Working capital adjustments		
Change in inventories	45,338	(77,804)
Change in trade and other receivables	(564)	53,166
Change in prepayments	12,490	(10,015)
Change in trade payables, provisions, and other liabilities	(97,919)	20,812
Change in government grants	(7,783)	(8,184)
Other	5,934	(7,986)
Interest paid	(15,289)	(14,949)
Interest received	2,468	5,922
Income tax paid, net	(9,711)	(23,104)
Cash flows from discontinued operations	35,919	26,940
Net cash flows (used in) from operating activities	(2,091)	123,353
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	129	858
Acquisition of associates	-	(10,432)
Acquisition of subsidiaries (net of cash acquired of \$1,671)	-	(69,993)
Acquisition of property, plant and equipment and intangibles	(25,532)	(68,429)
Related party loans	(5,262)	-
Investments in associates	(28,943)	-
Change in restricted cash	1,410	(286)
Other	56	(6,923)
Cash flows used in discontinued operations	(32,039)	(65,485)

Net cash flows used in investing activities	(90,181)	(220,690)
Cash flows from financing activities		
Proceeds from issuance of debt	30,175	37,690
Repayment of borrowings	(15,785)	(7,754)
Other	670	838
Cash flows from discontinued operations	47,578	48,800
Net cash flows from financing activities	62,638	79,574
Net decrease in cash and cash equivalents	(29,634)	(17,763)
Cash and cash equivalents at January 1	143,473	172,558
Effect of exchange rate fluctuations and consolidation changes on cash held	3,177	(11,322)
Cash and cash equivalents at December 31	117,016	143,473

## About AMG

AMG, incorporated in the Netherlands, is a global leader in the production of highly engineered specialty metal products and advanced vacuum furnace systems. AMG serves growing industries worldwide with its unique combination of metallurgical engineering expertise and production know-how. AMG is a market leader in many of its products and systems, which are critical to the production of key components for the aerospace, energy (including solar and nuclear), electronics, optics, chemicals, construction and transportation industries. AMG has two operating divisions, Advanced Materials and Engineering Systems, and owns interests in publicly-listed companies Graphit Kropfmühl AG (Deutsche Börse: GKR.DE) and Timminco Limited (TSX: "TIM").

The Advanced Materials Division develops and produces niche specialty metals and complex metals products, many of which are used in demanding, safety-critical, high-stress environments. AMG is one of a limited number of significant producers globally of niche specialty metals, such as ferrovandium, ferronickel-molybdenum, aluminum master alloys and additives, chromium metal and ferrotitanium, used by steel, aluminum, chemical and superalloy producers for aerospace, automotive, energy, electronics, optics, chemicals, construction and other applications. Other key products produced by AMG include specialty alloys for titanium and superalloys, coating materials, tantalum and niobium oxides, vanadium chemicals and antimony trioxide.

The Engineering Systems Division designs, engineers and produces advanced vacuum furnace systems and operates vacuum heat treatment facilities. AMG is a global leader in supplying technologically-advanced vacuum furnace systems to customers in the aerospace, energy (including solar and nuclear), transportation, electronics, superalloys and specialty steel industries. Examples of furnace systems produced by AMG include vacuum remelting, solar silicon melting and crystallization, vacuum induction melting, vacuum heat treatment and high pressure gas quenching, vacuum precision casting, turbine blade coating and sintering. AMG also provides vacuum case-hardening heat treatment services on a tolling basis to customers through facilities equipped with vacuum heat treatment furnaces.

Graphit Kropfmühl AG is a majority controlled, publicly listed subsidiary of AMG. Based on its secure raw material sources in Africa, China and Europe, Graphit Kropfmühl is a specialist in the production of silicon metal and the extraction, processing and refining of natural crystalline graphite for a wide range of energy saving industrial applications.

Timminco Limited is a publicly listed associate of AMG. Timminco is a leader in the production of upgraded metallurgical silicon for the rapidly growing solar photovoltaic energy industry. Timminco also produces silicon metal for use in a broad range of industrial applications.

AMG operates globally with production facilities in Germany, the United Kingdom, France, Czech Republic, the United States, Canada, Mexico, Brazil, Sri Lanka and Australia and also has sales and customer service offices in Belgium, Russia, China and Japan (website: [www.amg-nv.com](http://www.amg-nv.com)).

**For further information please contact:**

**AMG Advanced Metallurgical Group N.V. +1 610 975 4901**

**Jonathan Costello**

**Vice President of Corporate Communications**

**[jcostello@amg-nv.com](mailto:jcostello@amg-nv.com)**

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