



AMG ACHIEVES RECORD YEAR DESPITE CHALLENGING FOURTH QUARTER

Key Highlights

- Revenue increased 8% in the fourth quarter 2008 compared to the fourth quarter 2007; full year revenue increased 31% to \$1,517.9 million
- EBITDA¹ decreased 73% in the fourth quarter 2008 compared to the fourth quarter 2007; full year EBITDA increased 55% to \$185.3 million
- EPS on a fully diluted basis decreased to a loss of (\$1.96) compared to the fourth quarter 2007 of \$0.66; full year EPS, excluding non-recurring charges, increased to \$2.00
- Advanced Materials' fourth quarter revenue decreased 16% compared to the fourth quarter of 2007; EBITDA decreased to (\$13.3) million after the \$20.5 million inventory write down
- Engineering Systems' fourth quarter revenue improved by 2% and EBITDA decreased by 18% compared to the fourth quarter of 2007
- Timminco's fourth quarter revenue increased by 60% compared to the fourth quarter 2007 and EBITDA increased to \$4.7 million in the fourth quarter of 2008
- Graphit Kropfmühl contributed \$26.9 million to revenue and \$0.6 million to EBITDA during the fourth quarter 2008
- As of 31 December 2008 cash on hand of \$143.5 million, net debt of \$88.6 million; \$167.1 million full year 2008 free cash flow²

Amsterdam, 18 March 2009 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported fourth quarter revenue increased 8% to \$341.2 million in the quarter ended 31 December 2008, from \$316.9 million in the fourth quarter 2007.

Net loss attributable to shareholders for the fourth quarter 2008 was (\$54.1) million, or (\$1.96) per fully diluted share. Excluding the non-recurring asset impairment charges due largely to a \$46.0 million write down in AMG's investment in Graphit Kropfmühl AG, ("GK") its 79.5% owned subsidiary, net income attributable to shareholders for the fourth quarter 2008 was (\$32.2) million, or (\$1.17) per fully diluted share. Adjusted net income was \$18.2 million or \$0.66 per fully diluted share in the fourth quarter 2007. EBITDA decreased 73% to \$8.1 million in the fourth quarter 2008 compared with \$30.5 million in the fourth quarter 2007.

(1) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items. EBITDA does not exclude inventory valuation write downs.

(2) Free cash flow is defined as EBITDA less change in working capital and maintenance capital expenditures

Full year 2008 revenue increased 31% to \$1,517.9 million, from \$1,155.7 million in 2007. Net income attributable to shareholders for the full year 2008 was \$14.5 million, or \$0.53 per fully diluted share. Excluding the non-recurring asset impairment expenses at AMG's 50.7% (50.3% as of December 31, 2008) owned subsidiary, Timminco Limited ("Timminco"), and the non-recurring write down in AMG's investment in Graphit Kropfmühl, net income attributable to shareholders for the full year 2008 was \$55.0 million, or \$2.00 per fully diluted share. Net income attributable to shareholders was \$11.7 million or \$0.43 per fully diluted share in 2007. EBITDA increased 55% to \$185.3 million in 2008 compared with \$119.4 million in 2007.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, commented: "2008 was a year of success and challenges. AMG achieved record results in revenues and EBITDA. The first three quarters were characterized by strong growth across all segments of our business. Advanced Materials, Engineering Systems, Timminco and Graphit Kropfmühl increased revenues and earnings, driven by the solar, energy and fuel efficiency markets. We made significant investments in our tantalum mine and associated hydroelectric power plant and Timminco's solar grade silicon, to expand capacity and we acquired 79.5% of GK to increase our position in silicon metal. During the fourth quarter, however, the global economic crisis significantly affected revenues and earnings, due to substantial declines in specialty metals prices and volumes. The economic environment has continued to deteriorate in the new year. While we are confident in our long term business strategy, current conditions require us to move quickly to reduce costs, adjust capacity, decrease working capital and conserve cash. 2009 will be a very challenging year, one of repositioning to capitalize on long term value creation when the current economic cycle ends."

Key Figures

In 000's US Dollar

| | Q4 '08 | Q4 '07 | Change | FY '08 | FY '07 | Change |
|---|------------------|------------------|--------------|--------------------|--------------------|------------|
| Revenue | \$341,230 | \$316,925 | 8% | \$1,517,944 | \$1,155,659 | 31% |
| Gross profit | 44,466 | 53,664 | (17%) | 298,279 | 201,430 | 48% |
| Gross margin | 13.0% | 16.9% | | 19.7% | 17.4% | |
| Operating income | (48,734) | 14,543 | (435%) | 75,219 | 84,169 | (11%) |
| Operating margin | (14.3%) | 4.6% | | 5.0% | 7.3% | |
| Net income (loss) attributable to shareholders | (54,096) | 18,177 | N/A | 14,453 | 11,704 | 24% |
| EPS- Fully diluted | (\$1.96) | 0.66 | | 0.53 | 0.43 | |
| Adjusted EPS-Fully diluted ⁽¹⁾ | (\$1.17) | 0.66 | | 2.00 | 1.71 | |
| EBIT ⁽¹⁾ | (474) | 25,401 | N/A | 145,786 | 100,706 | 45% |
| EBITDA ^{(1) (2)} | 8,141 | 30,485 | (73%) | 185,284 | 119,369 | 55% |
| EBITDA margin | 2.4% | 9.6% | | 12.2% | 10.3% | |

Notes:

- (1) In 2008, adjusted for non-recurring, restructuring and impairment charges at Timminco and an asset impairment of AMG's investment in GK.
- (2) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items. EBITDA does not exclude inventory valuation write downs.

Operational Review - Fourth Quarter 2008

Advanced Materials Division

| | Q4 '08 | Q4 '07 | Change |
|-------------------------|-----------|-----------|--------|
| Revenue | \$146,469 | \$174,295 | (16%) |
| Gross profit | 1,180 | 25,645 | (95%) |
| Operating income (loss) | (14,854) | 6,616 | N/A |
| EBITDA | (13,270) | 14,707 | N/A |
| Capital expenditures | 13,648 | 4,885 | 179% |

Advanced Materials' fourth quarter 2008 financial results were impacted by dramatically decreased volume and pricing in ferrovanadium and certain other key products. Revenue decreased by \$27.8 million or 16% to \$146.5 million compared to the fourth quarter 2007. Gross profit decreased by \$24.5 million or 95% to \$1.2 million primarily as a result of the \$20.5 million write down in inventory, most of which was attributable to the ferrovanadium recycling business. As a percentage of sales, SG&A expenses increased due to additional corporate infrastructure and declining revenue. EBITDA decreased by \$28.0 million to (\$13.3) million due to the decrease in gross profit and increase in SG&A

Gross margins decreased from 15% in the fourth quarter of 2007 to 1% in fourth quarter of 2008. This was caused by a sharp decline in end product prices and lower volumes coupled with significant higher cost inventory positions as of 30 September 2008, particularly in ferrovanadium. The decrease in revenue and margins was primarily caused by ferrovanadium, with reference prices decreasing by 30% and volumes by 7% over fourth quarter 2007. Titanium master alloys, chromium metal, vanadium chemicals and antimony products were also impacted by falling end market prices and more significantly, by decreased volumes. Ferronickel-molybdenum and chromium metal suffered significant declines in volumes during the quarter as weakness in the stainless and specialty steel markets impacted demand.

The Division generated an operating loss for the fourth quarter 2008 of \$14.9 million, down from \$6.6 million in operating income for the comparable period in 2007. This was primarily due to the decrease in gross profit and increases in selling, general and administrative expenses, which was attributable to a build-up in public company infrastructure.

Capital expenditures were \$13.6 million for the quarter, 179% higher than the comparable period in 2007. The Division was completing existing capital expansion programs in its coatings and tantalum businesses. No new growth capacity expansion initiatives were undertaken during the quarter as a result of the deteriorating economic conditions.

Engineering Systems Division

| | Q4 '08 | Q4 '07 | Change |
|----------------------|---------------|---------------|---------------|
| Revenue | \$106,730 | \$104,499 | 2% |
| Gross profit | 32,252 | 31,176 | 4% |
| Operating income | 12,173 | 17,109 | (29%) |
| EBITDA | 16,090 | 19,724 | (18%) |
| Capital expenditures | 9,384 | 5,034 | 86% |

Engineering Systems delivered solid results in the fourth quarter 2008. Order backlog of \$332 (€38) million as of 31 December 2008 increased 32% compared to order backlog of \$252 million as of 31 December 2007. The backlog consists primarily of solar silicon DSS furnaces and melting and remelting systems for the materials industry. The backlog at 31 December decreased \$61 (€41) million from the 30 September 2008 backlog of \$393 million as a result of the high levels of fourth quarter sales and reduced order intake due to effects of the financial crisis on the renewable energy market.

Fourth quarter 2008 revenue increased \$2.2 million, or 2%, and EBITDA declined by \$3.6 million compared to the same period in 2007. Sales of solar silicon DSS melting furnaces for the photovoltaic industry increased 45% in the fourth quarter 2008 compared to the same period a year ago. As of the end of the fourth quarter 2008, 7 furnaces per week were produced, compared to one furnace per week at the end of the fourth quarter 2007. 80% of revenues were generated by sales of solar silicon and melting furnaces during the fourth quarter 2008, up from 66% in the same period 2007.

Revenue from remelting systems primarily for the aerospace, materials, and specialty steel industries remained steady during the fourth quarter. Geographically, sales to the Asia Pacific region and Europe accounted for 84% of total revenues.

The EBITDA margin decreased slightly to 15% during the fourth quarter 2008 compared to 19% for the same period in 2007. The EBITDA margin was relatively constant due to the consistent revenues, which were slightly offset by the stronger U.S. Dollar as compared to the Euro.

In the quarter ended 31 December 2008, capital expenditures increased to \$9.4 million from \$5.0 million for the fourth quarter of 2007. This increase was a result of the completion of the expansion of the Berlin facility coupled with similar levels of investment in the heat treatment services business.

Timminco

| | Q4 '08 | Q4 '07 | Change |
|----------------------|---------------|---------------|---------------|
| Revenue | \$61,154 | \$38,131 | 60% |
| Gross profit | 8,795 | (3,157) | N/A |
| Operating income | 2,361 | (9,182) | N/A |
| EBITDA | 4,728 | (3,946) | N/A |
| Capital expenditures | 36,658 | 13,552 | 171% |

Timminco's revenue for the fourth quarter 2008 was \$61.2 million compared with \$38.1 million in the fourth quarter 2007, an increase of 60%. The increase is primarily attributable to record

sales of Timminco's solar grade silicon. Silicon gross profit also achieved record levels due to increased volumes of UMGSi and higher average selling prices for silicon metal.

Silicon gross profit for the fourth quarter 2008 was \$7.9 million or 16% of sales compared to a gross profit loss of \$3.3 million in the fourth quarter of 2007. Timminco sold 423 metric tons of UMGSi during the fourth quarter 2008 at an average price of C\$65/kg. The main contributor to the increase in margin was the significant increase in solar grade silicon volumes compared to the fourth quarter 2007 and a decrease of the unit production costs of solar grade silicon to less than C\$30 during the fourth quarter 2008. Magnesium gross profit for the fourth quarter 2008 was \$0.9 million or 8% of sales compared to \$0.1 million in the fourth quarter of 2007. As noted previously, Timminco has signed a letter of intent to dispose of its majority interests in its magnesium business.

Timminco generated \$2.4 million in operating income during the quarter compared to \$9.2 million loss in the fourth quarter 2007, due to higher gross profit which was partially offset by increased selling, general and administrative expenses. Higher professional fees and travel related to various strategic initiatives resulted in an increase in SG&A.

During the quarter ended 31 December 2008, Timminco continued the expansion of its solar grade silicon production capacity. Timminco added 3 production lines during the quarter. As a result, capital expenditures increased to \$36.7 million for the quarter from \$13.6 million in the same period 2007.

Graphit Kropfmühl

| | Q4 '08 |
|----------------------|---------------|
| Revenue | \$26,877 |
| Gross profit | 2,239 |
| Operating income | (48,414) |
| EBITDA | 593 |
| Capital expenditures | 3,335 |

Graphit Kropfmühl generated \$26.9 million in revenue and \$2.2 million in gross profit during the quarter ended 31 December 2008. The gross profit was primarily generated by the silicon metal business unit. The EBITDA for the quarter was \$0.6 million or 2% of revenue. It was adversely impacted by a decrease in volumes of silicon metal sales and a slowdown in the graphite business. GK spent \$3.3 million in capital expenditures during the quarter, primarily on the expansion of production capacity in the silicon metal operations.

Operational Review - Year 2008

Advanced Materials Division

| | FY '08 | FY '07 | Change |
|------------------|---------------|---------------|---------------|
| Revenue | \$756,726 | \$688,039 | 10% |
| Gross profit | 124,208 | 104,290 | 19% |
| Operating income | 49,293 | 35,877 | 37% |
| EBITDA | 62,060 | 55,025 | 13% |

| | | | |
|----------------------|--------|--------|-----|
| Capital expenditures | 31,767 | 16,441 | 93% |
|----------------------|--------|--------|-----|

Advanced Materials' 2008 revenue increased by \$68.7 million, or 10%, to a record \$756.7 million. Gross profit increased by \$19.9 million or 19% to \$124.2 million due to higher average selling prices of many products and ferrovanadium in particular despite the \$20.5 million write down in inventory during the fourth quarter, most of which was attributable to the ferrovanadium recycling business. As a percentage of sales, SG&A expenses increased due to additional corporate infrastructure associated with public company expenses. EBITDA increased by \$7.0 million to a record \$62.1 million due to the increase in gross profit and economies of scale.

Gross margins increased from 15% in 2007 to 16% in 2008. This was caused by significantly higher end product prices on average and increased volumes, particularly in ferrovanadium and coatings materials.

Operating income in 2008 was \$49.3 million, up 37% from \$35.9 million in 2007. This was primarily due to the increase in gross profit, which was slightly offset by increases in selling, general and administrative expenses, attributable to a build-up in corporate infrastructure.

Capital expenditures were \$31.8 million for the year, 93% greater than 2007. The Division expanded its ferrovanadium recycling capacity, specialty coatings plant, tantalum mine and hydropower facility during 2008, to lower costs and increase capacity.

Engineering Systems Division

| | FY '08 | FY '07 | Change |
|----------------------|---------------|---------------|---------------|
| Revenue | \$435,462 | \$312,147 | 40% |
| Gross profit | 136,296 | 94,805 | 44% |
| Operating income | 83,495 | 62,227 | 34% |
| EBITDA | 95,632 | 69,261 | 38% |
| Capital expenditures | 29,648 | 13,403 | 121% |

Engineering Systems' 2008 revenue increased by \$123.3 million, or 40%, to a record \$435.5 million. Gross profit increased by \$41.5 million or 44% to \$136.3 million due to the significant increase in revenues, particularly of solar silicon DSS melting furnaces and advanced vacuum remelting systems for titanium. As a percentage of sales, SG&A expenses increased due to additional business development activities. EBITDA increased by \$26.4 million to \$95.6 million while 2008 EBITDA margins remained relatively constant at 22% as increased gross margins were offset by increases in SG&A.

Gross margins increased from 30% in 2007 to 31% in 2008. This was caused by higher volumes of solar silicon DSS melting and titanium remelting systems.

2008 operating income was \$3.5 million, up 34% from \$62.2 million in 2007. This was primarily due to the increase in gross profit, which was slightly offset by increases in selling, general and administrative expenses, attributable to a build-up in corporate infrastructure.

Capital expenditures were \$29.6 million for the year, 121% greater than 2007. The increase was the result of the expansion of its DSS production facility and heat treatment service operations during 2008.

Timminco

| | FY '08 | FY '07 | Change |
|----------------------|---------------|---------------|---------------|
| Revenue | \$237,824 | \$155,473 | 53% |
| Gross profit | 35,910 | 2,335 | N/A |
| Operating income | (3,650) | (13,935) | 74% |
| EBITDA | 19,954 | (4,917) | N/A |
| Capital expenditures | 89,861 | 28,415 | 216% |

Timminco's the full year 2008 revenue was \$237.8 million compared with \$155.5 million in 2007, an increase of 53%. This increase was driven by \$59.4 million in revenue from the sale of solar grade silicon. Gross profit also achieved record levels within the silicon product line due to the higher margins on UMGSi and higher average selling prices for silicon metal.

2008 Silicon gross profit was \$28.4 million or 17% of sales compared to a gross loss of \$3.0 million in 2007. Timminco sold 1,045 metric tons of UMGSi during 2008 at an average price of C\$61/kg. The average cost to produce solar grade silicon for 2008 was C\$32/kg. The increase in volumes of the solar grade silicon business which has higher margins than silicon metal was the main contributor to the increase in margin. Magnesium gross profit for 2008 was \$7.5 million or 13% of sales compared to \$4.9 million or 9% of sales in the fourth quarter of 2007.

Timminco had a net operating loss of \$3.7 million, up from a \$13.9 million operating loss in 2007. The net improvement was a result of higher revenue and margins from the silicon business, offset by the 15.3 million in restructuring costs related to the Fundo investment and the magnesium division, which is in the process of being disposed.

During 2008, Timminco commissioned 6 solar grade silicon production lines. As a result, capital expenditures increased to \$89.9 million for year from \$28.4 million in 2007. Timminco used cash flow from operations, its debt facilities, customer deposits and cash on hand to fund the expansion.

Graphit Kropfmühl

| | FY '08 |
|----------------------|---------------|
| Revenue | \$87,932 |
| Gross profit | 1,865 |
| Operating income | (53,919) |
| EBITDA | 7,638 |
| Capital expenditures | 7,014 |

* Gross profit and operating income include purchase accounting adjustments in the amount of \$108 million and \$12.0 million, respectively.

8 Months ended 31 December 2008

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. The EBITDA for the eight months ended 31 December 2008 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.

Financial Review

Taxes

AMG recorded a tax provision of \$41.9 million in the year ended 31 December 2008. This represented an effective tax rate of 94%, as compared to a normalized effective tax rate of 38%. The Company was unable to recognise the full tax benefit for the restructuring and asset impairment expenses of \$56.9 million which were primarily recorded in Canada and Germany. 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' 08 | Q4' 07 | Change |
|-------------------------------|-----------|-----------|--------|
| Total debt | \$232,033 | \$140,782 | 65% |
| Cash & short-term investments | 143,473 | 172,558 | (17)% |
| Net debt (cash) | 88,560 | (31,776) | (379)% |

AMG had a net debt position of \$88.6 million as of 31 December 2008. The increase in the Company's net debt is primarily a result of the acquisition of Graphit Kropfmühl, which used \$66.9 million of cash and included the assumption of \$27.3 million of debt. In addition, Timminco's 2008 \$76.9 million investment in a solar grade silicon expansion and increases in working capital across all segments of the business also impacted liquidity. AMG's term debt and revolving credit facility do not mature until August 2012.

Cash Flow

| | Twelve months ended | |
|---|---------------------|------------------|
| | 31 December 2008 | 31 December 2007 |
| Cash flows from operations | \$123,353 | \$74,500 |
| Capital expenditures | (158,290) | (58,259) |
| Acquisitions, net of cash | (69,993) | (9,162) |
| Cash flows from other investing | 7,593 | (25,438) |
| Cash flows used in investing activities | (220,690) | (92,859) |
| Cash flows generated from financing activities | 79,574 | 123,425 |
| Effect of exchange rates on cash held | (11,322) | 12,882 |
| Net (decrease) increase in cash and cash equivalents | (29,085) | 117,948 |

Cash flows from operations were \$123.4 million for full year 2008 as compared to \$74.5 million in 2007. 2008 cash flows from operations were up significantly year over year, as a result of a \$65.9 million increase in EBITDA, which was partially offset by a \$29.3 million increase in working capital as compared to 2007. The working capital increase is the result of higher raw material prices and inventory levels for the Advanced Materials division's products, increased work in process inventory of solar silicon DSS furnaces in the Engineering Systems division and a build-up of silicon metal and related inventory at Timminco, partially offset by a decrease in accounts receivable. The cost of goods sold days in inventory increased from 68 at year end 2007 to 101 at year end 2008. This was partially offset by a decrease in days sales in accounts receivable from 53 at year end 2007 to 44 at year end 2008.

Cash used in investing activities was \$220.7 million for 2008. This increase of \$127.8 million over 2007 is primarily related to \$76.9 million in costs related to the expansion of the solar silicon production facility at Timminco, \$2.9 million to expand the ferrovanadium recycling operations and \$66.9 million for the purchase of approximately 79.5% of Graphit Kropfmühl.

2008 cash from financing activities was \$79.6 million, a decrease of \$43.9 million from 2007. This decrease was primarily the result of two factors; \$287.1 million generated from the AMG initial public offering in 2007, offset by the net repayment of \$183.6 million debt as compared to \$86.2 million in 2008 borrowings on the credit facility for the acquisition of approximately 79.5% of Graphit Kropfmühl and to fund the working capital increases in Advanced Materials and Timminco.

Outlook

Given the current economic environment it is not feasible to provide a reliable outlook for 2009. Advanced Materials will have a particularly challenging year, with specialty metals prices and demand continuing to decline. Engineering Systems enters the year with a strong backlog, which should help mitigate some effects of the current economic situation. Timminco is reviewing its growth plans in the face of significantly decreased demand for silicon metal and pricing and demand for solar grade silicon. GK's end markets are also affected by the material decreases in demand and it anticipates full year 2009 revenues and earnings below 2008 levels. Despite the challenging economic conditions, AMG remains positive on long term growth prospects for its core markets which serve the solar, fuel efficiency, nuclear and recycling industries.

Unaudited

AMG Advanced Metallurgical Group N.V.
Consolidated Income Statement

For the year ended 31 December

In thousands of US Dollars

| | 2008 | 2007 |
|--|-----------|-----------|
| Continuing operations | | |
| Revenue | 1,517,944 | 1,155,659 |
| Cost of sales | 1,219,665 | 954,229 |
| Gross profit | 298,279 | 201,430 |
| Selling, general and administrative expenses | 167,081 | 123,413 |
| Restructuring expense | 5,129 | (241) |
| Asset impairment expense | 51,775 | |
| Environmental expense | 5,233 | 2,107 |
| Other expenses | 2,430 | 1,855 |
| Other income | (8,588) | (9,873) |
| Operating profit | 75,219 | 84,169 |
| Loss on debt extinguishment | - | 34,668 |
| Interest expense | 21,590 | 28,023 |
| Interest income | (7,783) | (6,954) |
| Foreign exchange loss (gain) | 6,331 | (3,591) |
| Net finance costs | 20,138 | 52,146 |
| Share of loss of associates | (10,584) | (3,213) |
| Profit before income tax | 44,497 | 28,810 |
| Goodwill adjustment relating to deferred tax asset | - | 1,386 |
| Income tax expense | 41,939 | 19,322 |
| Profit for the year | 2,558 | 8,102 |
| Attributable to: | | |
| Shareholders of the Company | 14,453 | 11,704 |
| Minority interests | (11,895) | (3,602) |
| | 2,558 | 8,102 |
| Earnings per share | | |
| Basic earnings per share | 0.54 | 0.44 |
| Diluted earnings per share | 0.53 | 0.43 |

Unaudited

AMG Advanced Metallurgical Group N.V.
Consolidated Income Statement

For the three months ended 31 December

In thousands of US Dollars

| | 2008 | 2007 |
|--|----------|---------|
| Continuing operations | | |
| Revenue | 341,230 | 316,925 |
| Cost of sales | 296,764 | 263,261 |
| Gross profit | 44,466 | 53,664 |
| Selling, general and administrative expenses | 50,084 | 38,107 |
| Restructuring expense | 39,340 | (292) |
| Asset impairment expense | | |
| Environmental expense | 5,036 | 1,863 |
| Other expenses | 2,384 | 1,543 |
| Other income | (3,644) | (2,100) |
| Operating profit | (48,734) | 14,543 |
| Loss (gain) on debt extinguishment | - | (401) |
| Interest expense | 5,671 | 4,093 |
| Interest income | (2,756) | (1,971) |
| Foreign exchange loss (gain) | 2,688 | (843) |
| Net finance costs | 5,603 | 878 |
| Share of gain (loss) of associates | 415 | (1,250) |
| Profit before income tax | (53,922) | 12,415 |
| Income tax expense | 5,172 | (2,147) |
| Profit for the period | (59,094) | 14,562 |
| Attributable to: | | |
| Shareholders of the Company | (54,096) | 18,177 |
| Minority interests | (4,998) | (3,615) |
| Earnings per share | | |
| Basic earnings per share | (2.02) | 0.68 |
| Diluted earnings per share | (1.96) | 0.66 |

Unaudited

Consolidated Balance Sheet

As at 31 December

In thousands of US Dollars

| | 2008 | 2007 |
|----------------------------------|-----------|-----------|
| Assets | | |
| Property, plant and equipment | 313,470 | 155,763 |
| Intangible assets | 47,060 | 50,291 |
| Investments in associates | 15,700 | 11,286 |
| Derivative financial instruments | - | 194 |
| Deferred tax assets | 29,181 | 34,537 |
| Restricted cash | 15,889 | 14,582 |
| Notes receivable | 2,132 | 7,068 |
| Other assets | 11,612 | 8,946 |
| Total non-current assets | 435,044 | 282,667 |
| Inventories | 318,793 | 186,410 |
| Trade and other receivables | 173,422 | 187,243 |
| Derivative financial instruments | 6,393 | 3,582 |
| Other assets | 52,804 | 48,754 |
| Short term investments | 95 | 15,333 |
| Cash and cash equivalents | 143,473 | 172,558 |
| Total current assets | 694,980 | 613,880 |
| Total assets | 1,130,024 | 896,547 |
| Equity | | |
| Issued capital | 724 | 722 |
| Share premium | 380,608 | 392,304 |
| Other reserves | (3,526) | (9,923) |
| Retained earnings (deficit) | (123,110) | (137,439) |
| | 254,696 | 245,664 |
| Minority interests | 57,115 | 64,133 |
| Total equity | 311,811 | 309,797 |
| Liabilities | | |
| Loans and borrowings | 138,990 | 115,726 |
| Related party debt | - | - |
| Employee benefits | 103,176 | 102,809 |
| Provisions | 12,841 | 12,011 |
| Government grants | 291 | 8,585 |
| Other liabilities | 9,245 | 9,087 |
| Derivative financial instruments | 3,530 | 77 |
| Deferred tax liabilities | 56,013 | 32,112 |
| Total non-current liabilities | 324,086 | 280,407 |
| Loans and borrowings | 3,021 | 1,102 |
| Short term bank debt | 83,566 | 16,202 |
| Related party debt | 6,456 | 7,752 |
| Government grants | 8,360 | 7,927 |

| | | |
|----------------------------------|-----------|---------|
| Other liabilities | 53,882 | 42,356 |
| Trade and other payables | 156,697 | 126,827 |
| Derivative financial instruments | 15,419 | 4,994 |
| Advance payments | 94,049 | 74,731 |
| Unearned revenue | 35,624 | - |
| Current taxes payable | 14,708 | 11,496 |
| Provisions | 22,345 | 12,956 |
| Total current liabilities | 494,127 | 306,343 |
| Total liabilities | 818,213 | 586,750 |
| Total equity and liabilities | 1,130,024 | 896,547 |

The notes are an integral part of these consolidated financial statements.

Unaudited

AMG Advanced Metallurgical Group N.V.
Consolidated Statement of Cash Flows

For the year ended 31 December

In thousands of US Dollars

| | 2008 | 2007 |
|--|-----------|----------|
| Cash flows from operating activities | | |
| Profit for the period | 2,558 | 8,102 |
| Adjustments to reconcile profit to net cash flows: | | |
| Non-cash: | | |
| Depreciation and amortization | 31,320 | 18,663 |
| Amortization of purchase accounting adjustment to inventory | 8,178 | |
| Restructuring expense | 5,129 | 22 |
| Asset impairment loss | 51,775 | (263) |
| Environmental expense | 5,233 | 2,107 |
| Net finance costs | 20,138 | 52,146 |
| Share of loss of associates | 10,584 | 3,213 |
| (Gain)/Loss on sale or disposal of property, plant and equipment | (896) | 93 |
| Equity-settled share-based payment transactions | 20,063 | 4,207 |
| Income tax expense | 41,939 | 20,708 |
| Working capital adjustments | | |
| Change in inventories | (130,573) | (11,545) |
| Change in trade and other receivables | 35,909 | (50,099) |
| Change in prepayments | (10,068) | (10,938) |
| Change in trade payables, provisions, and other liabilities | 69,259 | 67,280 |
| Change in government grants | (8,184) | 15,503 |
| Other | 3,656 | (12,952) |
| Interest paid | (16,059) | (26,792) |
| Interest received | 6,551 | 13,300 |
| Income tax paid, net | (23,159) | (18,255) |
| Net cash flows from operating activities | 123,353 | 74,500 |
| Cash flows used in investing activities | | |
| Proceeds from sale of property, plant and equipment | 1,268 | 768 |
| Acquisition of associates | (10,432) | (9,162) |
| Acquisition of subsidiaries (net of cash acquired of \$1,671) | (69,993) | |
| Acquisition of property, plant and equipment and intangibles | (158,290) | (58,259) |
| Related party loans | (4,149) | (4,475) |
| Repayment of loan from related party | - | 4,456 |
| Change in short term investments | 14,198 | (15,333) |
| Change in restricted cash | (286) | (14,054) |
| Other | 6,994 | 3,200 |
| Net cash flows used in investing activities | (220,690) | (92,859) |

AMG Advanced Metallurgical Group N.V.
Consolidated Statement of Cash Flows (continued)

For the year ended 31 December

In thousands of US Dollars

| | 2008 | 2007 |
|--|---------------|----------------|
| Cash flows from financing activities | | |
| Proceeds from issuance of debt | 86,244 | 105,316 |
| Payment of debt transaction costs | - | (8,830) |
| Prepayment penalties related to refinancing | - | (23,186) |
| Repayment of borrowings | (7,850) | (284,018) |
| Proceeds from the issuance of shares | 241 | 342,607 |
| Payment of transaction costs related to issuance of shares | - | (8,526) |
| Other | 939 | 62 |
| Net cash flows from financing activities | <u>79,574</u> | <u>123,425</u> |
| Net increase in cash and cash equivalents | (17,763) | 105,066 |
| Cash and cash equivalents at 1 January | 172,558 | 54,610 |
| Effect of exchange rate fluctuations on cash held | (11,322) | 12,882 |
| Cash and cash equivalents at 31 December | 143,473 | 172,558 |

The notes are an integral part of these consolidated financial statements.

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 knowhow. 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 of businesses, Advanced Materials and Engineering Systems, and owns majority interests in publicly-listed companies Timminco Limited (TSX: "TIM") and Graphit Kropfmühl AG (Deutsche Börse: GKR.DE).

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 ferrovanadium, ferronickel-molybdenum, aluminium master alloys and additives, chromium metal and ferrotitanium, used by steel, aluminium, 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 casehardening heat treatment services on a tolling basis to customers through facilities equipped with vacuum heat treatment furnaces.

Timminco Limited is a majority controlled, publicly listed subsidiary 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 and magnesium products for use in a broad range of industrial applications.

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.

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).

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Disclaimer

Certain statements in this press release are not historical facts and are “forward looking”. Forward looking statements include statements concerning AMG’s plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans and intentions relating to acquisitions, AMG’s competitive strengths and weaknesses, plans or goals relating to forecasted production, reserves, financial position and future operations and development, AMG’s business strategy and the trends AMG anticipates in the industries and the political and legal environment in which it operates and other information that is not historical information. When used in this press release, the words “expects,” “believes,” “anticipates,” “plans,” “may,” “will,” “should,” and similar expressions, and the negatives thereof, are intended to identify forward looking statements. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward looking statements will not be achieved. These forward looking statements speak only as of the date of this press release. AMG expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in AMG’s expectations with regard thereto or any change in events, conditions or circumstances on which any forward looking statement is based.