

2007
HALF-YEAR UPDATE



AMG performed well in the first six months of 2007.

As many of you know, we have clear objectives for the company. First, we focus on end markets which exhibit significant growth: aerospace, energy (particularly solar) and certain infrastructure markets. Second, we link ourselves to the growth in these markets by leadership in advanced metallurgy. Third, we manage the company so that each of our divisions, Advanced Materials and Engineering Services, takes advantage of the technology knowledge developed by the other. The results of this strategy were shown in our growth and profitability so far this year.

Revenues grew by 18 % in the first six months of 2007 from the comparable period in 2006. After-tax profit rose from a small loss in the period ending June 30, 2006 to a profit of \$ 19.6 million in the first six months of 2007. In those same periods, EBITDA grew by 45 %.

Growth was exhibited in both of our divisions. With higher volumes and prices for most of the products in the Advanced Materials division, EBITDA grew by 30 %. In the Engineering Services division, the continuing demand for vacuum furnace systems for solar silicon, titanium, superalloys, and specialty steels led to EBITDA growth of 64 %.

Subsequent to June 30, AMG completed its IPO led by Credit Suisse and co-led by ING. Our current balance sheet, shown pro forma later in this report, will enable us to proceed with such projects as expanding vanadium recycling operations; increasing our capacity for specialty alloys used in titanium alloys; enlarging our tantalum mine in Brazil; and, building additional "Own and Operate" facilities for industrial heat treatment services. Our liquidity position and low debt leverage also enable us to react quickly to acquisition opportunities to complement existing business lines.

I would like to thank all of those who have made AMG's achievements possible. This includes not only our operations personnel throughout the company but also our advisors who helped us complete our equity offering and debt refinancing. As the year goes on, we will strive to maintain our momentum for the benefit of our shareholders and the broader community which we serve.

Sincerely,

A handwritten signature in blue ink, appearing to read 'H. Schimmelbusch', written in a cursive style.

Dr. Heinz C. Schimmelbusch
Chairman of the Management Board and Chief Executive Officer

PROFIT AND LOSS

For the six months ended	30-Jun-2007	30-Jun-2006
Revenue	543,853	460,921
Gross profit	98,181	75,179
Operating expenses:		
Selling, general and administrative	53,406	47,294
Restructuring and asset impairment	30	4,183
Environmental expense	202	5,882
Other operating income	(1,182)	(565)
Operating Profit	45,725	18,385
Net Finance Costs	14,367	14,323
Share of loss of associates	(1,085)	(1,287)
Profit before income taxes	30,273	2,775
Income tax expense	11,639	3,776
Profit for the Period	18,634	(1,001)
Attributable to:		
Shareholders of the Company	19,158	(15)
Minority Interests	(524)	(986)
EBITDA	56,765	39,278
Earnings Per Share	1.11	n/a

Highlights

Percentage Growth over Prior Year	Advanced Materials	Engineering Services	Total AMG
Revenue	10%	57%	18%
Gross Profit	20%	51%	31%
EBITDA	30%	64%	45%

+ Growth in profitability in the Advanced Materials division was due to higher volumes and prices in most of its products

+ Continuing demand for vacuum furnace systems led to significantly higher revenues and earnings in the Engineering Services division

BALANCE SHEET

	Actual 30-Jun-2007	Proforma 30-Jun-2007
Total Non-Current Assets	212,303	212,303
Inventories	168,617	168,617
Trade and other receivables	182,450	182,450
Other current assets	50,798	45,531
Cash	77,377	178,075
Total Current Assets	479,242	574,673
TOTAL ASSETS	691,545	786,976
Equity attributable to shareholders	(25,946)	225,284
Minority Interest	30,434	30,434
Total Equity	4,488	255,718
Loans and borrowings	216,465	107,173
Other long-term liabilities	136,423	136,423
Total Non-Current Liabilities	352,888	243,596
Loans and borrowings	72,988	26,481
Trade and other payables	122,197	122,197
Advance payments	67,220	67,220
Other current liabilities	71,764	71,764
Total Current Liabilities	334,169	287,662
Total Liabilities	687,057	531,258
TOTAL LIABILITIES AND EQUITY	691,545	786,976

Subsequent Events

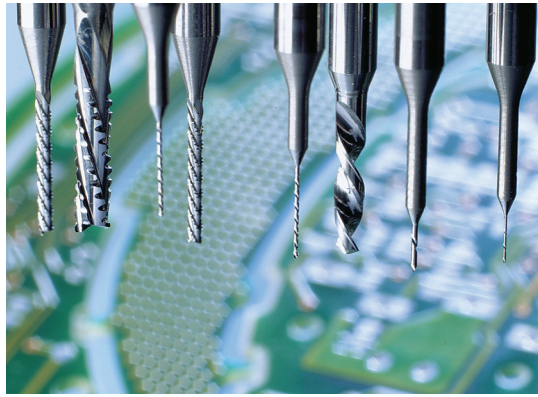
- + In July, the Company completed its initial public offering, raising approximately \$275 million in net proceeds
- + Funds from the initial public offering and a proposed refinancing will be used to pay high-yield and other Group debt shown in the proforma balance sheet
- + The Company's committed revolver, to be undrawn at inception, will provide liquidity for acquisitions and further expansion opportunities
- + AMG exercised its call option to acquire additional Timminco shares and bring its ownership level to 50.6%

STATEMENT OF CASH FLOWS

For the six months ended	30-Jun-2007	30-Jun-2006
Cash flows from operating activities		
Profit/(loss) for the period	18,634	(1,001)
Adjustments for:		
Depreciation and Amortization	9,278	8,461
Non-cash expenses	27,113	30,283
Change in working capital	4	(28,334)
Cash paid for interest, taxes and dividends	(21,522)	(15,131)
Other	(1,865)	135
Net cash flows provided by (used in) operating activities	31,642	(5,587)
Cash flows from investing activities		
Capital expenditures	(18,174)	(10,458)
Other investing activities	(112)	(4,282)
Net cash flows used in investing activities	(18,286)	(14,740)
Cash flows from financing activities		
Net (repayments) issuance of debt	(18,590)	4,893
Capital infusion	26,599	-
Other	-	135
Net cash flows provided by financing activities	8,009	4,763
Net increase (decrease) in cash and cash equivalents	21,365	(15,564)
Cash and cash equivalents at 1 January	54,610	50,317
Effects of exchange rate fluctuations	1,402	2,646
Cash and cash equivalents at 30 June	77,377	37,399

Highlights

- + The Company's capital expenditures in the six months ended 30 June 2007 were \$18.2 million, \$15.1 million of which were for expansion and other growth initiatives
- + Timminco completed a common share offering of its own shares raising \$26.6 million which is being used to finance the solar silicon expansion



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