

simonsen®

Dynasty Update 2006

December 2006

Dear Readers !

I could have repeated what I wrote last year about the situation in the world today. One cannot exactly say that things in the world have changed for the better during 2006.

Still war and now worse than ever in the Middle East. Problems with Iran and their nuclear programme. Still problems with North Korea. The WTO negotiations have collapsed. Tell me, does the world never change for the better? It doesn't seem so.

One of the positive things was how the Germans handled the world championship in football in a friendly, cosy and amicable atmosphere. The German slogan: "The world meets with friends" was absolutely correct and the Germans have shown how they are, what I have always known having been going regularly to this lovely country for more than 50 years, namely hospitable and joyful people. It seems as if they have finally got out of their Second World War trauma, and it was about time.

This get-together in Germany shows that any people from any country have a very good time together without any particular problems, which Klaus and I have experienced at various World Championships in Football in Germany and France, and that is very encouraging, isn't it?

It seems as if when politicians get involved the world goes crazy.

Let us hope things have changed for the better when we publish the 2007 Dynasty Update.

I hope you will enjoy the reading of this "magazine".



The Christmas Card, the Envelope and the Frontpage of Dynasty Update

In China they have the year of the pig, the year of the rat, the snake etc. etc. This year for us seems to be the year of the Puffin.

I visited Iceland with Tove, my sister and brother-in-law in July and had a fantastic time in Iceland with long-time friends from Iceland.

We enjoyed the very special Icelandic nature.

One of our tours brought us to one of the Vestmanna Islands, Heimaey where millions of Puffins are living. This wonderful and colourful small seabird. I have tried to get decent photos of this bird during all my trips to Iceland over the years and never succeeded, but this time I got a few good "shots" (I think), and therefore, we have decided to let the Puffin be this year's Dynasty animal. The photos speak for themselves.

The 2006 Thai-tie

This year's tie is different from the other ties we have sent you over the years. It is a different and hopefully a little better quality (continuous improvement) but still stylish.

The silk has been produced after a special process, and therefore, this different surface.

Again, we decided to put SICA our adopted panda on the tie and of course on the handkerchief coming with the tie in the same colour as the tie.

Hope you like the fabric and the Simonsen design and colour choice.



The female part of our staff all wearing the new company suit photographed in our offices.



Our STAFF

When younger females are employed they come and go due to pregnancy and because they don't want to work (for us) any longer, but fortunately we also have a solid staff – among others also the backbone of our shipping department – who has been working for us for many years, what we really appreciate.



Mette Nørgaard Sørensen

Shipping Assistant

mette@simonsen.eu

Dir.phone: +45 9669 1317

Mette has returned after 1 year's maternity leave, and she will now be helping Klaus in his efforts to provide our clients with fast and efficient quotations and information about prices, delivery times, etc.

A "new" lady has been employed in our finance department, namely



Anette Jacobsen

Accountant

anette@simonsen.eu

Dir.phone: +45 9669 1320

Anette will be an assistant to Lisbeth Fredholm, our finance manager. Also Klaus' wife Susanne – daily called: Sanne – is working in the finance department. We have employed one more lady in this department as we want to become more efficient in making sure that we get our payments in time, what is sometimes a big problem.

Otherwise, I believe that the rest of the staff is the same as it has been now for a while.

A retired Friend

A friend of ours, Mr. Paul Wonfor, who retired a few years ago sent me the below message after having received – as usual – the Dynasty Update 2005 + tie.

Paul used to be the Purchasing Superintendent at Alusaf (now Bayside Aluminium) in Richards Bay, Natal, South Africa.

Dear Jorgen,

Once again many thanks for your copy of "Dynasty" and the beautiful silk tie you sent me.

I never cease to wonder and admire the way you have got yourself involved in all of the projects you have around the world. I am sure there are not many people in the world who have devoted their lives to other and giving so much.

As always please give my best regards to all the family and wish them a blessed Xmas and happy new year.

Kind regards

Your "old" Pal

Paul

I can tell you that Paul and I + other South African friends have spent a lot of time together in the Bush enjoying the animals and having a heck of a good time. Unforgettable times with special and outstanding people. I am very grateful and lucky for having had the luck to know such personalities in my life, unforgettable.

My warmest thanks to all my good friends in Natal and the Cape Area for all the good times.

Conclusion: Never forget your friends even they are no longer in business!

The Simonsen FAMILY early 1900

The family is still intact and nothing has really happened since last year except we have all become one year older. But it is a kind of sign of health, isn't it?

Frederik – Klaus and Sanne's older son – will be confirmed next year. Frederik is tall, dear me, but a very nice and considerate guy. For Christmas we gave him an electric scooter so now it is easy for him to visit us. Approx 3 minutes drive. The problem is that he may not use the scooter on public roads but as we haven't got too many policemen in our area things seems to work well for Frederik anyway.

Sara has left her home together with her horse to go to a county college for one year. There she will also have riding lessons and that's

why she brought "Cheval" with her. That may help her mentally as she shall probably be missing her family (homesick) at least at the start of this new part of her life.

Nikolaj is playing drums very well. When he practises it can be quite noisy in Klaus and Sanne's home. However, I am the lucky one who can leave when it gets too noisy.

Morten and Marianna's two girls, Laura and Olivia are now 10 and 8 years old respectively. They also visit us frequently as they both seem to have a good associate in their grandmom. We gave them each a cell phone for their birthdays. How popular Tove and I became. The girls love their phones and now they are sending SMS as you won't believe it. Also to their

grandmother who had to learn how to receive and send SMS as well.

I avoided – so far so lucky!

Going through my old albums I found the below photo showing our family some 100 years ago with their horses and their small house.

I think it was a family gathering as the house definitely could not hold all these people + the horses...

*The boy wearing the white shirt at the far right holding the horse is Klaus and Morten's grandfather **Gunnar Børge Simonsen** and the gentleman next to the horse is their great-grandfather **Simon Jensen Simonsen**.*



BURTON, Germany

Burton is still trying to cope with the demand for **alubar 1100** barrier bricks. But I can tell you it is difficult, as there seems to be such a demand for high quality refractories for the aluminium industry these years that Burton is running a more than full production. That means Burton produces 24 hours – 365 days a year. Then we can hardly do more to satisfy our clients.

In the past we seem to have been too kind to some clients by accepting orders even we know that the production situation was very tight. This will be changed as from end of this year as it is better to refuse an order and then make sure that the delivery times promised can be kept than trying to satisfy everybody, what is impossible anyway.

Delivering in time is very essential, but of course we get “weak knees” now and then when someone has a problem due to some unforeseen fallout of furnaces. However, we shall still always try to help any clients in desperate situations.

Our **alubar 1100** quality is now fully approved for any technology inclusive of any size of AP furnaces from 18 to 50 kW. New tests show that the quality is fully up-to-date and the quality control done by Gerold Friedrich is absolutely outstanding. Gerold is also one of these very helpful and efficient Germans.

MOSCONI, Italy

Mosconi is still improving and expanding. Their capacity will be enlarged end 2006 after Mosconi has installed new and larger drying facilities which seemed to be the bottleneck.

Mosconi stands just before being approved (homologated) by Pechiney – that means Alcan – for all the Pechiney designed furnaces of any kind after extensive, large trials in various Pechiney (Alcan) smelters in Europe over the past 3 years. That was really a large scale test, but Mosconi went through this testing “without scratches” and this final homologation of course means that we shall now be able to supply also a fully approved insulating brick(BIL) for any Pechiney designed smelters worldwide.

This shall definitely increase our sales as it seems as if most of the smelters having the Pechiney technology only have one supplier of insulating bricks. And for insulating bricks as for any other products any smelter must have at least 2 suppliers, also because it seems as if the competition leads to prices which are more acceptable (at least to the clients !!!).



CALSITHERM, Germany

Calsitherm is also increasing the production capacity. I believe that Calsitherm has the most modern and rational production of calcium silicate boards in the world today.

Calsitherm is right now in the middle of an extensive expansion what is also necessary as we are slowly seeing delivery times of any new orders of 5-6 months. That is not normal for this kind of product. But again, if you make the best calcium silicate boards available in the world and you have pretty fair prices, yes, of course you will be busy, very busy.

All our calcium silicate boards are supplied from this fine plant in Germany.

The photos will give you an impression of the production facilities and also of the finished products.



TECHNO- PHYSIK, Germany

Techno-Physik is making some outstanding vermiculite boards in Europe. The light boards, **vermilite 2000** are being produced in what can be described as Europe's largest plant for production of light vermiculite boards in Slovenia.

The heavy boards, **prolite super** are produced in Austria.

We have received substantial orders especially from Russia during this year for both light as well as heavy boards so Techno-Physik's productions in Slovenia and Austria are also very busy.

Expansions of the production capacity in Austria have been made during 2006 and the next step – probably in 2007 – will be an expansion of the pressing capacity.

The presses for the **prolite super** boards are very special as these presses - due to the nature of the finished product with a density of approx. 1200 kg/m³ - must have a very high pressing power.

This supplier as well as all others is running a nearly full production. This issue of full productions I shall touch separately later in this publication.

LIRR, China

LIRR is a star among stars. Our Chinese associates are very visionary and have with their timely attention expanded their production so that they can cope with nearly any demand for silicon carbide bricks with a short notice. If moulds are available LIRR can deliver into containers in Qingdao approximately 4-6 weeks after receipt of orders!!

Not many – I think no one – can beat us in that respect.

LIRR has the advantage of having an enormous production capacity. LIRR can today produce some 22,000 tonnes and if the demand keeps going up, yes, then LIRR just installs some more nitriding furnaces and probably when the demand is there builds LIRR IV.

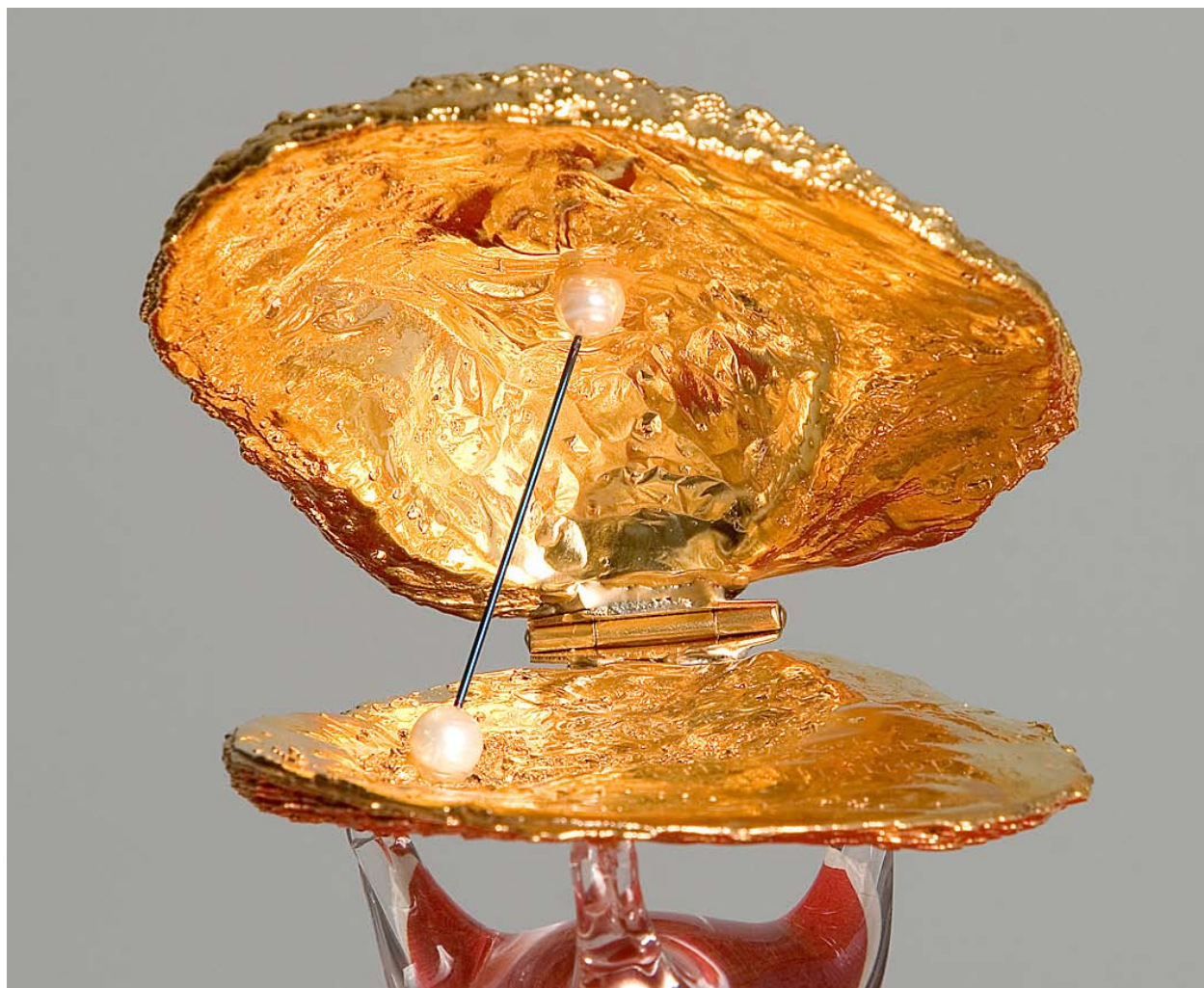
LIRR has invented its own CRT (Cryolite Resistance Test) which is the most accurate test method we know of and further news about this test method follow yearly/mid 2007 when we have had a classification system established, because the testing process is different from any other test method. The results and the attack of the test specimens are different, and therefore, also descriptions of the attack of the tested bricks/blocks will be different, but you will get a full information about this development which is quite exiting and is what we believe the industry has been waiting for – but who else than the producers themselves can establish an outstanding test method.

We shall most probably have 4 or 5 different classes according to which the test specimens are classified.

We have been very successful in securing long-term agreements for the **sicateg** blocks and monolithics like **sicabond**. We have also secured fairly large orders also for new Greenfield projects, but when we have the best quality available, competitive prices and sufficient production capacity being able to serve any smelters with any quantities, yes, then we should be successful.

A new and improved **sicateg** quality is on the "drawing board" and we believe that we shall be able to market this improved quality mid 2007.

So LIRR and we are working hard to stay in the front in the aluminium industry when it comes to silicon carbide products of any kind.



Den Gyldne Østers “The Golden Oyster”

Every year the local ”Erhvervsråd” (trade council) presents the Golden Oyster to a company which has shown initiative, has a good reputation and which has shown progress and success and which has also been good representatives for our small island in the world.

In 2006 simonsen a/s received this award for which we are very grateful and we appreciate that our company has been “recognized” in our small local society.

With the prize followed 2 large cheques (size wise) each for approx. € 700.- One cheque was for simonsen a/s and we immediately donated this amount to a local kindergarten for outdoors playing equipment, chairs and benches. The other € 700.- were for the simonsen staff and the ladies spent their money during their trip to Iceland.

You should know that Nykøbing is world famous (at least in Denmark) for our oysters



LIRR III Inauguration

On the 20th April 2006 we were invited by LIRR to the inauguration of the third, large expansion within a 5 year span!

We looked forward to this event as we know by experience how the Chinese – and not least LIRR – celebrate at such occasions. Not boring, not boring – the opposite.

We have already sent you a circular letter describing the inauguration in details. Here we shall only show a few photos which were not included in the inauguration circular letter.



JILIN CARBON CO., Changchun, China

Our suppliers in Changchun are slowly moving into the cathode block market. We are getting regular orders for especially **CCB-3** and **CCB-4** blocks. It is obvious, however, that the plant needs a general overhaul and to have installed some new machinery to be able to meet the international standards for supplying first class products. A furnace is being installed already end 2006.

Jilin Carbon's affiliate in Changchun should be able to supply as well **CCB-10** blocks (100% graphitic blocks) as surely also fully graphitized blocks.

We are very lucky that our Chinese partners, LIRR's mother company, SINOSTEEL in Beijing has acquired Jilin Carbon about one year ago, meaning that the funding for improving the production is available and it has already in July been decided that a very large investment will be made in Changchun to get a practically new and completely modern production facility capable of supplying any quality of cathode blocks according to the newest standards and also in sufficient quantities.

The new facility should start producing during spring 2007.

The sales will be handled via our partnership in Shanghai, SHANGHAI LISIM that will have the daily contact to Changchun on our behalf. Simonsen shall be doing the marketing and selling outside China.

A special circular letter regarding the improvement of this cathode block plant will follow before the end of this year.

SICAcom – Combination Blocks

During this year we have been very successful in selling our **SICAcom** blocks in large quantities in and outside Europe. There seems to be a strong trend towards this product consisting of an amorphous carbon block and our well-known **sicatec 75** silicon carbide block glued together to one unit.

LIRR has developed a special gluing technique which means that the 2 types of blocks are glued in such a way that there are minimal joints which go all the way to the edges of the blocks, meaning that there are no gaps between the 2 blocks, which is very important.

The glue used is a special binder developed by LIRR.

You will see a few examples of our blocks before and after installing in some pots.



Aluminium Prices

I cannot remember that the aluminium prices have been so attractive for such a long time. As Churchill would probably have said: "Never has a price for one metal been so high for such a long time". Unbelievable.

The price is still around 2500 to 2600 US-Dollars per ton. No one can predict how the price will be in the future but may the price stay that high forever! This price level is no doubt one of the reasons for all the new smelters to be built within the next 5 years and all the upgradings of existing pots to prebake pots.

A very good and positive development for our industry and business.



Merit Award

It is difficult to present a decent gift to a company like LIRR what we intended to do in connection with the inauguration in April as described elsewhere.

We were thinking and thinking (believe it or not...). After consulting our Chinese friends we found out that the best might be to present a

merit award for some of the LIRR employees – and so we did.

We now donate US-Dollars 750.- annually to LIRR for young students who have passed LIRR's own English language learning programme + a similar amount to be assigned to the best performing workers in the LIRR plants.

Technical Meeting with Hydro

At least every second year LIRR, simonsen and Hydro have a technical meeting in one of the Hydro Norwegian smelters. This year the meeting took place in Aardal and Hydro gave us a programme as shown below.

Professor Zhao Junguo and I informed about the present situation in our companies and discussed the industry in general, and Mr. Zhao also gave a presentation on LIRR's new production facilities which now also include a new plant for producing monolithics. A very good habit with these regular meetings which are a very fruitful way of cooperating and to get to know each other better, even that should not be necessary with all the contacts we have within the Hydro group, which we have fortunately been supplying all our products for many, many years.

Travelling and visiting smelters in Norway is like travelling in Denmark. Danes always feel at home in Norway as there are very close ties between all the Scandinavian countries + Iceland.



Zhengzhou Caihua Refractory Co. Ltd.

We have known Caihua for some years already. This is a fine, privately owned and rapidly expanding plant, for the production of various refractories. Caihua has been supplying the Chinese aluminium industry with flue wall bricks for many years and is still today the main supplier of such bricks for Chinese clients.

Our cooperation started because we needed a supplier that could supply a high quality product in line with international specifications for flue wall bricks, at a reasonable price without compromising on quality.

Caihua has now reached a point where European specifications for flue wall bricks can be met. Caihua's products have been tested in- and outside China on internationally well-reputed laboratories.

Earlier this year Alcan paid a visit to Caihua to see the production. In front of the plant the above photo was taken of all the participants in the meeting from Alcan, simonsen, LISIM, LIRR and Caihua.

When we have finalized the data-sheets for this new Chinese product we shall send you data-sheets, MSDS, and QMS (Quality Management System) to show you that Caihua is an excellent supplier of high quality products.

TECHNICAL MEETING



**Hydro Aluminium
-
Simonsen as / L**




May 31st 2006

AGENDA

Klingenberg hotel - Wednesday, May 31, 2006

1. HAL organisation, S/C demand in 2007	HAL 08:30
2. Simonsen as/LIRR: News from organisation, production, expansions, product development, R&D cooperation with others, S/C market etc.	guests
Coffee Break	
3. Presentations from HAL plants	HAL 11:00
Lunch	
4. SPC control charts for Sicatoc75	guests 13:00
5. Revision of Technical Specification for Sicatoc75 (valid until 2006-05-10)	guests
6. Deliveries: marking, transportation etc.	all
	all
	Simonsen
	14:30
	HAL 15:00-16:00

PARTICIPANTS

<p>Jørgen Simonsen Zhu Wenzheng Zhao Junguo</p> <p>Ellen Jørgensen Ali Harry Bødsvik Guenther Berndt Stanislaw Jarek Svein Kåre Sund Vidar Hjelte Oddvar Øyre</p>	<p>Simonsen & Sons LIRR LIRR</p> <p>Hydro Aluminium Karmøy Hydro Aluminium Karmøy Hydro Aluminium Neuss Hydro Aluminium Porsgrunn Hydro Aluminium Sunndal Hydro Aluminium Årdal Hydro Aluminium Årdal</p>
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Brand Names

Our product names are registered internationally. However, it was still a great surprise when a lawyer company in Peru wrote us telling that a Peruvian company wanted to register a brand name Pro-lite (better light, better life!!!) what would mean a violation of our brand name prolite which is our name for our heavy vermiculite boards.

Of course this lawyer wanted to make some money. I had to disappoint the Peruvian lawyer as we didn't feel that a company in Lima selling for instance "Aparatos para alumbrado y de cale-faccion etc., etc." under the prolite name could seriously damage our interests within the aluminium industry so the Peruvian company got the green light from us using the name as they intended to.

One should never wear shoes that squeeze!



*Hope you have a special happy birthday and
all the best regards from SiC plant to you!!!*

Zhao Junguo

赵建国

Liu Guohua

刘国华

Zhang Zhiping

张智平

Zhang Ye

张叶

Wu Xuezheng

吴雪征

Luoyang China, April 20, 2006

Birthdays

The inauguration of LIRR III took place on the 20th April because it was my 69th birthday. A very kind gesture of our Chinese friends and associates. Our employee, Susanne Simonsen (no, NOT Klaus' wife) also has her birthday on the 20th April.

As Susanne together with a few others from our staff had been invited to China by us to participate in the inauguration both Susanne and I were celebrated after all the ceremonies during the day,

especially during the dinner in the evening.

We were presented with various gifts, among other things I got a beautiful silk vest from the ladies in the LIRR shipping department.

I was also presented with a very Chinese birthday greeting card which is shown above, signed by my very good friends from the LIRR plant.

Thanks a lot for all your efforts for Susanne and myself.

Visit to Russia

Russia is slowly becoming a very important market for us. We are doing a lot of business with RUSAL and SUSAL. This of course necessitates visits to Russia and for the first time ever I spent a few freezing March days in Moscow.

I of course took some photos of The Kremlin but also of the street dogs that walk around the Red Square in snow and cold. That is hard to take but the dogs seemed to be doing well.

I also visited Rusal and took the below photo of some of the gentlemen whom Andrei Bezushenko from Cometals, our Russian agents in Moscow, and I visited.

Doing business with Russia is exiting, interesting and also good fun as the Russians have a fantastic sense of humour. I simply like the Russians.

From left to right:

Pavel A. Nikitin,
*Manager of the Materials Group,
Procurement Dept.*

Vadim M. Orzhekh,
*Head of the Materials Group,
Procurement Dept.*

Andrey Yurkov, Ph.d. Manager,
*Equipment Production & Maintenance,
Service Directorate*



*Dedicated to Metal Bulletin's 21st International Aluminium Conference
RUSAL cordially invites you to the "Bridge Party"*

Monday, September 18, 2006, at 6.30 PM

*Your personal invitation will be handed to you when you register
at the conference in Moscow*

Dress code: Smart Casual



Conferences

In 2006 we participated in the TMS Conference in San Antonio, Texas, USA. During this conference Prof. Zhao Junguo gave a paper on LIRR's newly developed CRT – Cryolite Resistance Test – of silicon carbide blocks.

You should have received this paper by separate mail already. We believe that this new test method will be a breakthrough in determining as exact as possible the real cryolite attack on ours and the silicon carbide blocks of other suppliers.

In September we participated in the conference Metal Bulletin 21st Int. Aluminium Conference in Moscow, Russia.

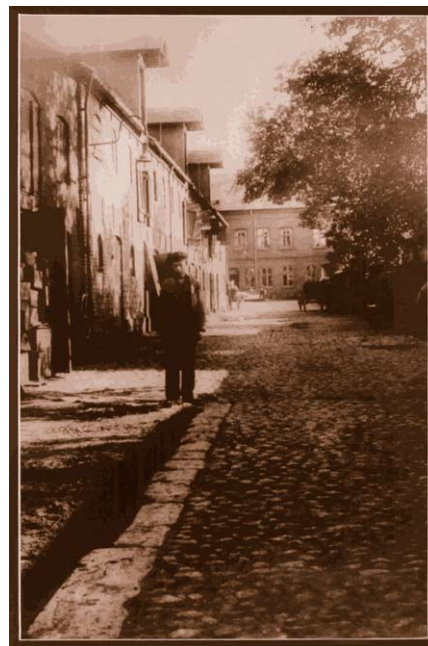
This conference was very interesting and gave Morten a good opportunity to meet several Russian business friends from RUSAL and SUSAL.

SUAL 10 Years Anniversary

Morten was invited to participate in SUAL's 10 years anniversary celebrations on Tuesday, 19th September during the Aluminium Conference in Moscow.

We have fortunately built up a good and close relationship with the 2 big groups SUAL and RUSAL and we really appreciate the business we are doing with these large companies.

During the conference which took place the same days in Moscow, Wayne Hale, Senior Vice President Upstream & Group HSE SUAL-Holdings Office, gave a very interesting paper on "Russia's role in bridging the supply-demand balance through smelter growth". The outlook for the aluminium industry according to Wayne looks definitely very promising and also according to Wayne the prices should keep the present level for some years to come. One must definitely hope so.



Our Headquarter

As you know we are situated on Møgelvangs Plads 7 in Nykøbing Mors in a more than 100 years old merchant's house where the farmers came in the old days and made their purchases of all kinds of stuff for their daily household.

They came by horse drawn carriages and today you can still see the rings in the walls where the clients tied their horses while they were "shopping". It is a beautiful and well-maintained building and some of you have

seen the interior with the heavy beams in the ceiling. Simonsen a/s occupies the entire 1st and 2nd floors.

The above photo shows the house some 125 years ago and the below how the building looks today.

Come and see us (our doctor, Claus Hansen, is living below our offices so if anything goes wrong he can provide any assistance needed).



Dear Morten!

We are happy to invite you to take part in the Gala Lunch in honor of the 10th anniversary of Siberian-Urals Aluminium Company. The lunch will take place within the framework of the Metal Bulletin International Aluminium Conference. We will be happy to see you on September 19, 2006, at 1 pm in Room 101, Slavjanskaya Hotel, «Composers' Hall».

Please R.S.V.P.

For more information please contact Oseeva Eugenia 9330200 (5681)/mob.9709514 and Dubinina Natalia 9330200 (5673)/mob.89165338148
SUAL-HOLDING

Visit to Iceland

In our family we like Iceland very much and go there as often as possible. A flight of only 3 hours from Copenhagen to Keflavik.

As mentioned earlier this summer I went there with Tove, my sister and my brother-in-law. We had the opportunity to see some of our long-time friends from Alcan (ISAL) and we had a fantastic evening.

Just have a look at the faces of the 3 gentlemen below who are:

Myself – Ingvar Pálsson and Þórarinn Sófússon.

It is also good fun to visit one of our former “colonies”...

P.S. My glass does not contain orange juice.



Chinese Wedding

In May our very good friend Andy (Cao Ren) married Lily. Andy is the next generation of young, efficient Chinese businessmen and Andy is a very kind and utmost helpful personality who speaks excellent English.

Some of you have met Andy when visiting LIRR or doing sightseeing in Beijing. Andy is also there to assist you (us).

Congratulations to the young couple from ALL friends in Denmark.



Company Trip to Iceland 13th to 17th September

Thursday morning we started out with a Welcome to Iceland by Per Ekström from Norðurál. He had arranged everything concerning visits and transport.

The first plant to visit was Alcan Iceland (ISAL). We got a nice welcome by Þórarinn, Ingvar and Guðmundur. They told us about the plant and the plans for the future and then they took us for a walk in the plant. It was very interesting for us to see how and where the products we deliver are used. To have seen it gives a much better understanding of what goes on. We were not allowed to go into the plant if we were pregnant (all of us took part),

if we had a pacemaker or if we wore our watch and credit card – because of the magnetic field in the plant. Alcan did a good job showing us around and we could get answers to all our questions. We had lunch at the plant and were shown a little more around.

In the afternoon we went to the Blue Lagoon. This is a fantastic experience. Nice and warm and luckily for us there wasn't too many people at the time we were there – therefore we could go wherever we wanted in the lagoon.

Dinner was served at "Perlan" – a very nice restaurant placed on top

of 6 aluminium-sided hot water tanks. The restaurant circulated all night long and we had a beautiful view all over the town and sea. A very nice evening, in the company of Ingvar and his wife Erla, Þórarinn and his wife Asdis.

Friday morning we met with Per again and he took us to Norðurál. It was nice having a guide who could tell us about the nature and the things we saw. To get to Norðurál we had to go through a tunnel of approx. 6 kilometres – this shortens the trip by about 45 minutes. When we arrived at Norðurál, Magnús Valsson was ready to welcome us. Per and Magnús told us about



the plant and the plans for the future. It is a plant which has been growing ever since it started in 1997. We were shown a little around but because of all the extensions they were not able to show us as much as they wanted to. After a nice lunch we took the bus back to Reykjavik to go shopping. 10 girls in Reykjavik with no time for shopping – not a good idea Magnús and Per thought– therefore we got approximately 2 hours for this.

In the afternoon we went riding on horseback at ISHSTAR. None of us were used to horses or horseback riding – but we all succeeded in getting up on the horses and

starting the 1 hour ride in the Icelandic nature. The weather was nice and it was a very nice way to experience the landscape. No one fell off the horses but I think we were all a little sore after this. This experience ended up with a well deserved beer!

Dinner was served at Fish Cellar in the company of Magnús and his wife, our guide Per and his wife and a few others from Norðurál. It was a very nice evening and a delight to the eye and the mouth.

Saturday was the day for the great Iceland adventure. Our guide Per gave us the Golden Circle tour and

we saw a lot of nice places and were told a lot about the Icelandic history. To put in a few words is not easy but among the most known places we saw: Thingvellir National Park, Gullfoss – the Golden Waterfall and the geyser area with Geysir and Strokkur. The nature in Iceland is magnificent.

After a very interesting day we came back to the hotel and went down town for our last dinner together – just by ourselves.

We all agree on having had a successful trip – professional, experiential and social.



Visit to Burton, Germany

In april a visit was arranged for Alcan with participation from Voreppe, LRF, St. Jean-de-Maurienne, Montreal, Iceland and Soral in Husnes, Norway to come and see Burton's facilities.

Above you will see all the participants in this visit in Buer. I strongly believe that everyone was impressed by the Burton production in all its phases. Of course there were also technical discussions afterwards on various subjects.

KUBAL Sweden makes a Difference

RUSAL, SUAL and GLENCORE have recently made a deal forming a new aluminium company United Company Rusal. In that respect Metal Bulletin's Monday 16 October 2006 issue writes a long article about this aluminium giant; and among others they write: *The Rusal-Sual deal also includes Glencore's Sundsvall smelter in Sweden, which produces 105,000 tpy and would therefore edge the Russian giant to the top of the pile. The list of assets included in the new company last week did not include Sundsvall, but sources familiar with the deal assured MB that it remains part of the package.*

Indeed KUBAL makes a difference as KUBAL's present production helped making the United Company Rusal the largest aluminium producer in the world.

Visit to Hydro's Light Metal Research Centre in Porsgrunn

As it is very easy to go from Denmark to Norway I took my car last winter and visited my friends from Porsgrunn.

On the below photo you see from the left:

Ole-Jacob Siljan – Stanislaw Jarek and myself.

Such visits are always an enormous pleasure and again, we always have a good time with our Norwegian friends.



New Greenfield Smelters

What happens in the aluminium industry these years is something that I never experienced before during my 45 years dealing with the aluminium industry. New smelters and expansions are popping up in many places.

Oman – the new Sohar project will be started end 2006/early 2007

Qatar – this project will probably be definite and also start early 2007

Iceland – a new smelter near Keflavik to be built by Century Aluminum from 2007

Besides these projects there are new, large expansions on their way of existing smelters which are: Dubal, Alba, Alcan Iceland (ISAL), Norðurál Iceland, Kubal Sweden.

It is very positive signs with all these upgradings, expansions and new smelters so many, many suppliers will be very busy the next 4-5 years to put it mildly.

Visit by a Danish Ambassador

During my many visits to Beijing over the past 11 years I got in close contact with our Danish Ambassador to China, Mr. Ole Lønsmann Poulsen, who participated in the opening ceremony of LIRR I in 2000. We have slowly become very good friends and last fall I visited Ole at the Danish Embassy in Stockholm, as he was transferred from Beijing to Stockholm a few years ago.

I invited Ole and his wife Zareen to come and see Tove and me in Nykøbing to have a dinner in our home and also to see the offices.

Ole is an outstanding personality and not at all a “dry” bureaucratic person. The opposite + a good businessman.

As from end of this year Ole is the Danish Ambassador to India and will stay in Delhi for some years, probably till he retires and it is obvious that I am going to visit him very soon.

On the below photo you see from the left:

Ole Lønsmann Poulsen – his wife Zareen who is an Indian lady – and finally Klaus.



The Supply of Pot Re-lining Materials to the Aluminium Industry

With all the new projects, the continuous upgradings and too early failures of pots – which happen all the time – there has slowly become a great pressure on all suppliers of refractories to meet the ever increasing demand. If we look ahead I believe firmly that this development will continue for a long time.

As at the same time the raw materials and energy for producing refractories continues increasing I think that the days with very low prices are gone. I think that in many cases many smelters shall even be happy to get the needed supplies.

For years and years this market has been very competitive and definitely a buyer's market. This is changing and has changed. The days are gone where large quantities could be supplied within a few weeks. No, the smelters have to do some long-term

planning concerning their estimated demand for refractories and conclude orders in due time for such large demands.

Obviously, we always try to keep a “hole open” in the production so that smelters which have fatal failures and need materials within no time can be helped but the quantize is not un-limited.

Concerning simonsen's suppliers we can say that the productions of insulating boards and barrier bricks are fully occupied 4-6 months ahead, meaning that we can only supply new orders in 2007.

Mosconi is still able to handle new orders relatively fast, meaning within 10-12 weeks from receipt of order. Thanks to LIRR's planning ahead and expanding their production our **sicateg** blocks and various monolithics can still be supplied with a very short

notice. If moulds are available we can deliver even several containers at a time in Qingdao 4-6 weeks after receipt of order and that is unusual for this industry.

So our suggestions are:

- 1 Plan your relining requirements 1 (one) year ahead – at least
- 2 Make sure you have a good and firm relationship with your suppliers to make sure that they support you when needed
- 3 Make sure always to have at least 2 suppliers of any product and let the supplier with the most competitive and the one with the best quality get the major share of your business. You cannot always get both at the same time
- 4 Make sure your suppliers can back you up technically

If you follow these simple rules you will not be quite bad off.



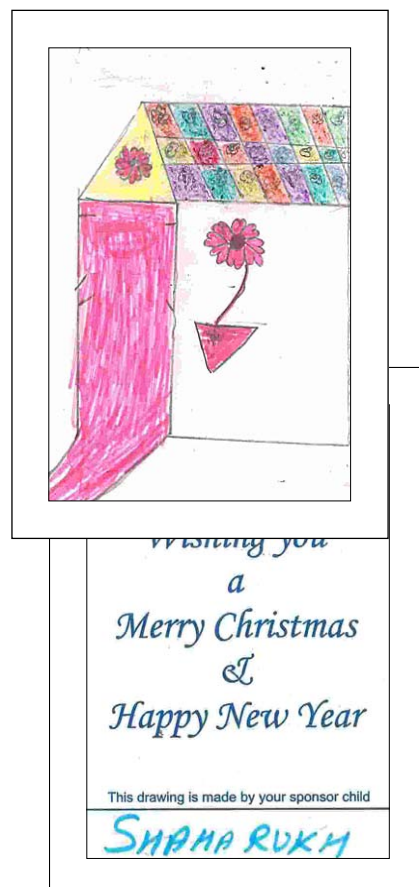
Children's Support

We are of course also supporting children in third world countries who suffer from lack of food, education and medical support.

In the simonsen company our family and our employees are supporting monthly some 15 children in the Far East, Africa and South America. We show you therefore a Christmas card from Shaharukh in India who made this card especially for us to show her gratitude.

We have also received a photo of Reshmi, a little girl from Nepal whom we also support.

So it is not all about animals even they will always play an important part of my life and we shall still see that endangered species are supported as when one species disappears it never comes again. This shall probably not happen with the human race!



Pandas

As you know we adopted SICA in April 2005. SICA has now grown up to become a big panda that I will definitely not let sit on my lap any longer.

I visited SICA last April and I am also going to see her again before the end of this year. It is such a pleasure to see how the pandas are treated by the Chengdu Breeding Centre where I slowly become acquainted with a lot of people meaning that I always get a special treatment when I am visiting.

I am allowed to take photos of the new-born babies in places where only a few persons are allowed to come.

During my last visit in Chengdu my friends said that there was a special baby I should also have on my lap. Her name is Jing Jing. She was cute (also).

This small baby panda was elected by the Olympic Committee to be one of the 5 Chinese mascots for the Olympic Games in Beijing in 2008. Jing Jing will be a good representative for the Chinese pandas.

Also during my last visit in Chengdu in the "Chengdu Research Base of Giant Panda Breeding" I got a folder showing guests how to come around in this huge area that also includes a lake with very special birds, it also tells about the Centre's activities and about the panda.

On the inside of this folder there was a photo of me and SICA. Honestly, I have never been part of such a publication before but I felt flattered as



it shows that the Centre appreciates our adoption of SICA.

I could go on for hours about the pandas but I shall make it short.

Last summer several females gave birth to a total of 16 babies and very special not ONE of these pandas died, what would not have been the case a few years ago had an American "panda specialist" not found out what milk mixture to feed the babies – that is the baby who is rejected by the mother when she gives birth to twins. In that case the panda only selects one of the babies and the other is doomed if not taken care of and fed by hand by the Research Centre's staff. Aren't these wonderful photos?

Latest findings show that there are obviously more pandas in the nature than originally assumed so that the total number of pandas in the world today amount to some 3000 species.

Several zoos outside China have pandas but they are all rented. They all still belong to China. Costs for each zoo for the pandas "only" amount to some USD 600,000.- Not cheap, but those involved find it important to put money in the panda projects, in order to save this species that goes back some 8 million years!

China is presently investing some USD 100 million in expanding the areas in China where the pandas can live. This is done because slowly the pandas born in the Breeding Centres should get adjusted to nature and go back there and live as they have been doing for million of years.

Emirates Airline

The Emirates is an airline that we often use in our company. Emirates is flying worldwide, have mostly brand new airplanes, have departures from most large cities in Europe and have attractive airfares so that is why Emirates is one of our first choices when we travel.

As we fly a lot Emirates obviously found that Morten should be invited for a golf experience in connection with the 3rd leg of the "European Golf Tour" taking place in Munich early September.

So Morten was invited to Munich and Wednesday the 30th August he was playing golf with Colin Montgomerie, one of the world's best professional golf players. That was an experience of a lifetime for Morten and he will probably mention this event when he meets those of you interested in golf when he comes around next time.

Morten did quite well. He has been playing this difficult game since 1976. To the right you will see a few photos taken that remarkable day for Morten in Munich.



The Danish Parliament

The Danish parliament was photographed before the politicians had their Christmas holidays last year. A photographer was able to catch all the politicians dressed up for the holidays (or is it a manipulated photo?).

The photo was sent to me by a local politician who is a member of the parliament.

Stevie and Tiger

Stevie Wonder and Tiger Woods are in a restaurant having dinner. Woods turns to Wonder and says, "How's the singing career going?"

Stevie Wonder replies, "Not too bad. How's the golf?"

Woods replies, "Not too bad, I've had some problems with my swing, but I think I've got that going right now".

Stevie says, "I always find that when my swing goes wrong, I need to stop playing for a while and not think about it. Then, the next time I play, it seems to be all right."

Tiger says, "You play golf?"

Wonder says, "Oh, yes, I've been playing for years."

Woods says, "But you're blind! How can you play golf if you can't see?"

Wonder replies, "I get my caddy to stand in the middle of the fairway and call to me. I listen for the sound of his voice and play the ball toward him. Then, when I get to where the ball lands, the caddy moves to the green or farther down the fairway and again I play the ball toward his voice."

"But how do you putt?" asks Woods.

"Well," says Stevie, "I get my caddy to lean down in front of the hole and call to me with his head on the ground, and I just play the ball toward his voice."

Woods asks, "What's your handicap?"

Stevie says, "Well, I'm a scratch golfer."

Woods, incredulous, says to Stevie, "We've got to play a round sometime."

Wonder replies, "Well, people don't take me seriously, so I only play for money, and never play for less than \$10,000 a hole."

Woods thinks about it and says, "OK, I'm for that, when would you like to play?"

Stevie says, "Pick a night."

In the Bar

A man walked into his local pub several weeks ago and ordered three pints of Guinness and sat in the back of the room, taking a sip from each one in turn. When he had finished all three pints, he returned to the bar and ordered three more. The bartender told him, "You know, a pint goes flat after I draw it, and it would taste better if you bought one at a time."

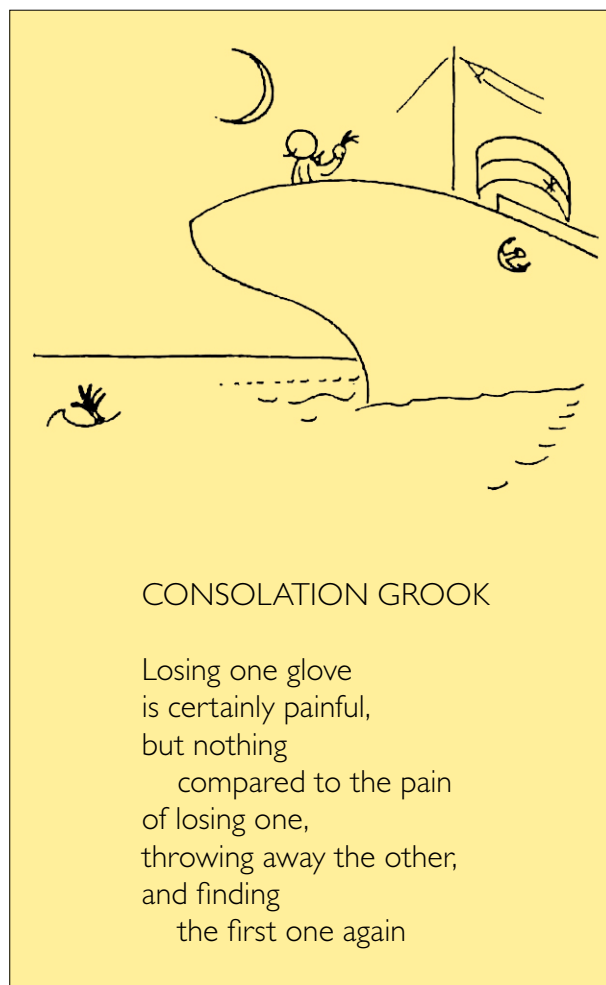
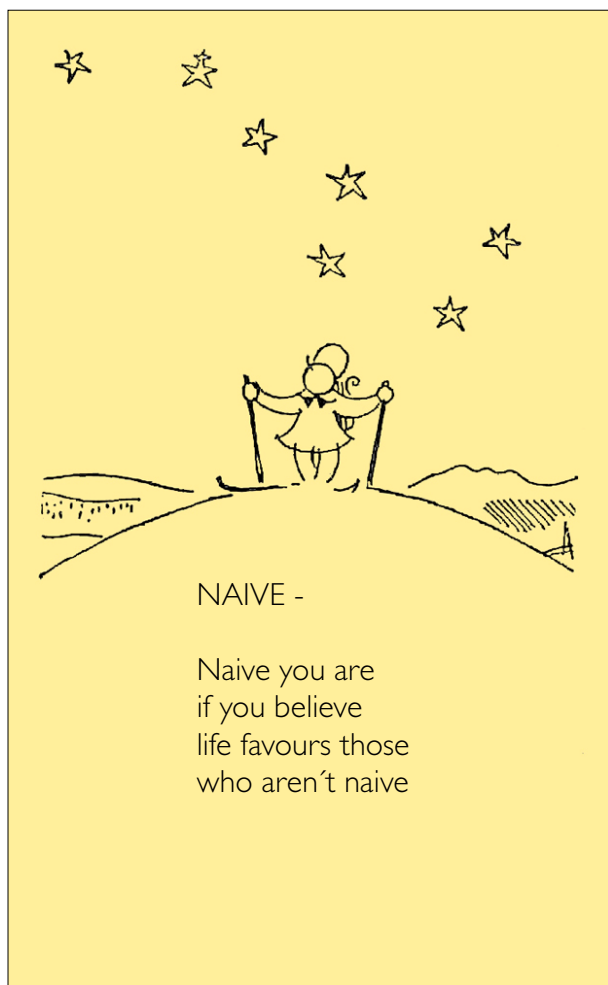
The man replied, "Well, you see, I have two brothers. One is in America, the other is in Australia, and I'm here. When we all left home, we promised that we'd drink this way to remember each other. So I drink one for each of my brothers and one for myself."

The bartender admits that this is a nice custom and leaves it there.

The man becomes a regular in the bar and always drinks the same way. Then one day he comes in and orders two pints. All the regulars take notice and fall silent. When he comes back to the bar for the second round, the bartender says, "I don't want to intrude on your grief, but I wanted to offer my condolences on your loss."

The man looks puzzled for a moment, then a light dawns and he laughs.

"Oh, no, everybody's just fine," he explains. "It's just that my wife had us join that Baptist Church and I had to quit drinking. Hasn't affected my brothers though."



That's the end of the stories!

We all wish you and your family a happy Christmas and a prosperous 2007 and remember always to treat others the same way as you would like to be treated yourself!

Warmest regards,

Simonsen



Christmas decorated trees, "Unter den Linden", Berlin, December 2005