



## Interim Report 3/2011

OUR KNOW-HOW FOR YOUR SAFETY

# Key figures Nabaltec Group

as of 30 September 2011

in EUR million	09/30/2011 (IFRS)	09/30/2010 (IFRS)	Change
<b>Revenues</b>			
Total revenues	100.7	81.8	23.1%
thereof:			
Functional Fillers	66.7	54.8	21.7%
Technical Ceramics	34.0	27.0	25.9%
Foreign share (%)	68.5	68.9	
Employees* (number of persons)	404	371	8.9%
<b>Earnings</b>			
EBITDA	17.0	11.0	54.5%
EBIT	11.0	5.2	111.5%
Consolidated result after taxes**	3.7	1.2	208.3%
Earnings per share (EUR)**	0.46	0.15	206.7%
<b>Financial position</b>			
Cash flow from operating activities	13.1	12.9	1.6%
Cash flow from investing activities	-10.6	-4.7	125.5%
<b>Assets, equity and liabilities</b>	09/30/2011	12/31/2010	
Total assets	166.1	166.0	0.1%
Equity	46.7	42.1	10.9%
Non-current assets	114.1	110.6	3.2%
Current assets	51.9	55.4	-6.3%

\* on the reporting date, including trainees

\*\* after non-controlling interests

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# TO OUR SHAREHOLDERS



## Ladies and Gentlemen,

The course of the third quarter of 2011 has left us somewhat ambivalent about the coming months. After all, while our results between July and September were once again strong and stable in terms of both revenues (up 7.7% over the third quarter of last year, to EUR 30.6 million) and earnings (EBIT up 44.4%, to EUR 2.6 million), at the same time we have seen diminished growth in demand as uncertainty has become more deeply rooted in the markets. The unresolved Euro debt crisis and the downward revision in 2012 growth forecasts for many world economies have taken their toll.

The rebound in demand expected by us and many other market participants in the fourth quarter, as we reported at mid-year, has not materialized. Inventories are currently being cut to minimum levels all along the value chain in our key markets, in a precise reversal of the trend we saw as recently as May, and orders are now coming in at very short notice, for small quantities and right before the ordered materials are needed. We see a consolidation to a somewhat reduced level in all regions and product groups and expect this trend to continue in the fourth quarter. In this environment, we expect revenues for 2011 as a whole to fall in a range between EUR 128 and 131 million. As a result, the earnings target for 2011 (based on EBIT) of EUR 12 million is highly ambitious, but still attainable.

However, the strong course of business so far also demonstrates to us that the growth drivers in our markets for flame retardant fillers and technical ceramics remain intact. In certain product segments, e.g. in the "Technical Ceramics" division, we have actually been able to post record revenues in the third quarter. An outlook for the unchanged strong potential and perspectives for our products has also been conveyed to us by a conference of our worldwide distribution and trading partners, which is held once every three years, and which was held in the reporting quarter with around 90 participants. Here also, the picture is clear: for our entire product range of eco-friendly, flame retardant fillers, additives and boehmite, as well as raw materials for technical ceramics, we are well-positioned in our competitive environment to meet customer specifications.

We will not cease to develop our product's environmental and qualitative advantages, while adhering steadfastly to our research activities in order to improve quality, develop products which are optimally adapted to meet customer needs, extend our products' sphere of application and to develop new markets with a strong future, such as boehmite and additives. To accomplish this, we are willing to accept long and drawn-out market entry phases and approval processes. After all, we have just successfully completed two of these very time-consuming procedures and, as expected, this justifies stable and enduring supply relationships.

Yours,



Johannes Heckmann  
Member of the Board



Gerhard Witzany  
Member of the Board

## Nabaltec share and bond

### Performance of Nabaltec share

(in EUR, XETRA)



### Key data for Nabaltec share

(all data refers to XETRA)

	First 9 months of 2011	Year 2010
Number of shares	<b>8,000,000</b>	8,000,000
Market capitalization (cutoff date, in EUR million)	<b>59.52</b>	56.80
Average price (in EUR)	<b>9.08</b>	5.15
High (in EUR)	<b>13.00</b>	7.78
Low (in EUR)	<b>6.60</b>	3.70
Closing price (cutoff date, in EUR)	<b>7.44</b>	7.10
Average daily turnover (in shares)	<b>12,639</b>	8,648
Earnings per share* (in EUR)	<b>0.46</b>	0.22

\* after non-controlling interests

Nabaltec share was listed at EUR 7.44 on 30 September 2011, up 24.0% from the third quarter of last year and up 4.8% from its 2010 closing price of EUR 7.10. The ongoing European debt and financial crisis has generated considerable uncertainty in the capital markets, causing prices to fall. On the year, the SDAX has lost 16.7% of its value and the specialty chemicals index has lost 20.9%, while Nabaltec share is still up 4.8% despite the third-quarter correction. The average

daily trading volume (XETRA) was 12,639 shares from January through September 2011.

Earnings per share were EUR 0.03 in the third quarter after adjusting for non-controlling interests. Total EPS over the first nine months of Financial Year 2011 amounts to EUR 0.46. By comparison, earnings per share at the end of the third quarter of 2010 were EUR 0.15.

Analyst recommendations with respect to Nabaltec share remain entirely positive. Hauck & Aufhäuser once again confirmed its "buy" recommendation and set a price target of EUR 15.00 in October 2011, and VEM Aktienbank once again rates Nabaltec share a "buy", and adheres to its price target of EUR 15.00 in its recent report on 9 September 2011.

As of 30 June 2011, the majority of the 8,000,000 non-par-value shares were still held by the Heckmann and Witzany families. The Heckmann family holds 32.5% and the Witzany family holds 29.8% of the capital stock. The residual shares (37.7%) are in free float.



Nabaltec AG's corporate bond, which is listed in the Bondm (mid-cap) segment of the Stuttgart Stock Exchange, were listed above 100 in the first nine months of 2011, except for a brief period in August, in stable trading, and closed the third quarter at a price of 103.50. The first coupon payment was made in October.

#### Data for Nabaltec bond

ISIN (International Security Identification Number)	DE000A1EWL99
Volume	EUR 30,000,000.00
Annual yield	6.50%
Coupon payments	annually on 15 October
Term	5 years, from 15 October 2010 through 14 October 2015
Amortization rate	100%
Units	EUR 1,000.00
Listing	Bondm segment, Stuttgart Stock Exchange



# CONSOLIDATED INTERIM MANAGEMENT REPORT

as of 30 September 2011





### Course of business

Nabaltec AG continued its growth in the third quarter of 2011 as well, as both business divisions exceeded their values for the third quarter of last year. This growth spurt, which has been continuing since the start of 2010, has weakened slightly, however: as third-quarter results were down from the first and second quarter of 2011, although they were up from 2010.

Consolidated revenues were up by 7.7% in the third quarter, increasing from EUR 28.4 million to EUR 30.6 million. This revenue growth is based on the fact that most product segments once again exceeded their values from last year in both sales and revenues.

Revenues in the first nine months of 2011 were up by 23.1% over the same period of last year, climbing from EUR 81.8 million to EUR 100.7 million.

Both business divisions posted growth over the same period of last year, with revenues in the "Functional Fillers" division up 2.7% in the third quarter and revenues in the "Technical Ceramics" division up 17.3%. The growth trend in the "Technical Ceramics" division remains intact in the third quarter, while some product segments of the "Functional Fillers" division recorded a slight weakening.

Over the first nine months of the year, revenues in the "Functional Fillers" division came to EUR 66.7 million, up 21.7% from the first nine months of 2010, when revenues were EUR 54.8 million. This growth, which was especially strong in the first six months of the year, was driven above all by the growth in fine precipitated hydroxides, i.e. eco-friendly flame retardant fillers, e.g. for the wire & cable industry. Revenues in the "Technical Ceramics" division continued to grow, increasing by EUR 7.0 million in the same period of last year to EUR 34.0 million in the first nine months of 2011.

Nabaltec posted strong growth in all regions over the first nine months of the year. The export business had an inhibiting effect in the third quarter of 2011, as the export ratio fell to 64.7%.

Nabaltec's total performance was up 26.3% in the reporting period, to EUR 103.4 million. This can be attributed to the strong revenue growth, especially in the first two quarters of 2011, as well as an increase in inventories of finished and unfinished products by around EUR 2.4 million. Inventories remained stable in the same period of last year.



Cost of materials in the first nine months of 2011 came to 52.1% of total performance. The cost of materials ratio was 54.6% last year. This improvement is attributable to a relative increase in high added-value products. Nabaltec's gross profit margin in the first three quarters of the year was 48.8%, a good one percent higher than the value of 47.6% in the same period of last year (as a percentage of total performance).

Personnel expenses increased from EUR 13.5 million to EUR 16.0 million in the reporting period. The figure for the same period of last year reflects the impact of the reduction in working hours and pay. The personnel expense ratio (as a percentage of total performance) improved as a result of the strong revenue trend, from 16.5% to 15.5%, although the number of employees increased from 371 to 404.

Other operating expenses were affected by freight costs, which rose along with sales. At the same time, cost-cutting measures had a lasting impact, so that other operating expenses as a percentage of total performance fell from 17.7% to 16.8% relative to the first nine months of 2010.

Results in the first nine months of 2011 were not affected by extraordinary factors and one-time effects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from EUR 11.0 million in the first nine months of 2010 to EUR 17.0 million in the reporting period, and Nabaltec's EBITDA margin (EBITDA as a percentage of total performance) increased from 13.4% to 16.4%. As was the case for revenues, earnings were once again very strong in both business divisions, in terms of both EBITDA and operating result (EBIT). Consolidated EBIT in the reporting period amounted to EUR 11.0 million, up from EUR 5.2 million in the same period of last year. The EBIT margin increased significantly, from 6.3% to 10.6% (EBIT as a percentage of total performance). The particularly strong improvement in earnings is attributable above all to Nabaltec's ability to develop products with especially high added value, as the long-term product strategy of focusing on high-quality and concentration on specialty products has had the desired effect.

The change in net financial income was due above all to the EUR 30.0 million corporate bond issue, which was launched in October 2010 with a coupon rate of 6.50%. Weighed down by the interest expenses in connection with this bond issue, net financial income in the first nine months of 2011 changed from EUR -3.2 million to EUR -4.9 million. At the same time, Nabaltec was able to restructure a substantial portion of its existing long-



term bank debt in the third quarter of 2011. The terms represent a clear improvement over the previous loan contracts.

Earnings before taxes improved considerably, from EUR 2.0 million to EUR 6.2 million. After taxes and non-controlling interests, consolidated earnings for the first nine months of the year were EUR 3.7 million, and earnings per share were EUR 0.46, up from EUR 0.15 in the same period of last year.

Nabaltec had a net cash flow from operating activities of EUR 13.1 million in the first nine months of 2011. Operating cash flow in the first nine months of last year was EUR 12.9 million. This increase was attributable above all to the improvement in earnings. The cash outflow for investments was EUR 10.6 million, higher than the year before, when the outflow was EUR 4.7 million. The focus of investment activities was on measures to further optimize processes in all areas.

Net cash flow from financing activities was affected above all by the restructuring of Nabaltec's long-term bank loans. This debt optimization resulted in the amortization payment of EUR 18.1 million and, at the same time, the receipt of EUR 11.0 million in new interest-optimized loans. Receipts from the liquidation of fixed deposits amounted to EUR 10.0 million. When balanced against EUR 2.7 million in interest payments, the resulting net cash flow from financing activities was nearly even. In the same

period of last year, net cash flow from financing activities amounted to EUR -5.9 million.

Nabaltec Group's cash and cash equivalents amounted to EUR 21.7 million on 30 September 2011.

Nabaltec Group's balance sheet shows only slight changes relative to its position on 31 December 2010. Total assets have increased marginally, by 0.1%, from EUR 166.0 million to EUR 166.1 million. Non-current assets increased slightly, by 3.2%, to EUR 114.1 million. This increase is attributable to investments in property, plant and equipment, reflected by an increase in advance payments and plant and machinery under process of construction. Current assets decreased by 6.3%, due primarily to a decrease in other assets following the liquidation of EUR 10.0 million in fixed deposits. Net inventories increased by EUR 3.2 million due to a build-up in inventories.

On the liabilities side of the balance sheet, Nabaltec's equity ratio increased from 25.4% on 31 December 2010 to 28.1% on 30 September 2011. Non-current liabilities decreased by 3.4% at the end of the reporting period, to EUR 86.4 million, while current liabilities also decreased, largely as a result of the change in the amortization structure of Nabaltec's bank debt.



## Employees

As of the reporting date, 30 September 2011, Nabaltec Group had 404 employees, including trainees. On the same date last year, the Group had 371 employees. Because of this growth, the trainee ratio decreased slightly, from 12.9% to 12.1%.

## Subsequent events

No significant events occurred after the balance sheet date with an impact on the financial, earnings and liquidity position.

## Risk report

In the first nine months of 2011, there were no significant changes to the risk situation described in the 2010 consolidated management report.

## Outlook

Business was stable in the third quarter overall, although growth rates were down relative to the record-breaking quarters which preceded it. Nabaltec therefore expects its business to consolidate at a slightly reduced level in the remainder of 2011.

The unresolved Euro debt crisis and the downward revision in growth forecasts for many world economies have created mounting uncertainty in international product markets. Inventories are currently being cut to minimum levels all along the value chain, in a precise

reversal of the trend we saw as recently in May, order sizes are getting smaller and customers are now waiting to place orders until right before the materials are needed. In this environment, we expect revenues for 2011 as a whole to fall in a range between EUR 128 and 131 million. As a result, the earnings target for 2011 (based on EBIT) of EUR 12 million is highly ambitious, but still attainable.

Nabaltec AG's orders on hand decreased from EUR 53.3 million at the end of last year to EUR 23.2 million on 30 September 2011. This was primarily attributable to the decrease in orders on hand from annual contracts. By comparison, orders on hand as of 30 September 2010 were at EUR 25.7 million, nearly the same as twelve months later.

The long-term trend of growing demand for halogen-free flame retardant fillers, and particularly aluminum hydroxide, remains intact. The revision of fire safety regulations worldwide will provide an added boost. New independent market studies estimate that global demand will grow at a rate of 6.5% a year through 2014 (based on ATH; source: The Freedonia Group, Inc.). Specialty oxides and reactive aluminum oxides for the refractory market are determined by demand in the steel industry. Market experts estimate an annual growth rate of 5% for refractory products and around 3% for technical ceramics. Continuing to build up the



new "additives" and "boehmite" product segments remains a key challenge for Nabaltec.

Nabaltec is currently taking a series of measures to optimize limiting process steps. In addition, investments in additional capacity are currently being planned or implemented in both the "Functional Fillers" and "Technical Ceramics" divisions. At the same time, market developments are being watched closely in order to allow Nabaltec to respond by quickly adjusting capacity if necessary.

Otherwise, the statements made in the forecast report of the 2010 consolidated management report remain in effect.

Schwandorf, 28 October 2011

The Management Board



**Nabaltec**

**Nabaltec AG**  
**Schwandorf**

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# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 30 September 2011







# Consolidated statement of comprehensive income

for the period from 1 January 2011 through 30 September 2011

in EUR '000	01/01/ - 09/30/2011	07/01/ - 09/30/2011	01/01/ - 09/30/2010	07/01/ - 09/30/2010
Revenue	100,656	30,566	81,761	28,352
Changes in unfinished and finished products	2,404	429	7	1,039
Other own services capitalized	363	165	145	59
<b>Total performance</b>	<b>103,423</b>	<b>31,160</b>	<b>81,913</b>	<b>29,450</b>
Other operating income	965	449	1,831	362
Cost of materials	-53,915	-16,504	-44,707	-16,298
<b>Gross profit</b>	<b>50,473</b>	<b>15,105</b>	<b>39,037</b>	<b>13,514</b>
Personnel expenses	-16,003	-5,290	-13,484	-4,711
Depreciation and amortization	-6,018	-2,024	-5,824	-1,952
Other operating expenses	-17,422	-5,199	-14,525	-5,098
<b>Operating result (EBIT)</b>	<b>11,030</b>	<b>2,592</b>	<b>5,204</b>	<b>1,753</b>
Interest and similar income	428	141	96	35
Interest and similar expenses	-5,297	-1,722	-3,316	-1,111
<b>Result from ordinary operations (EBT)</b>	<b>6,161</b>	<b>1,011</b>	<b>1,984</b>	<b>677</b>
Income taxes	-1,684	-532	-576	136
<b>Consolidated result after taxes</b>	<b>4,477</b>	<b>479</b>	<b>1,408</b>	<b>813</b>
thereof attributable to				
Shareholders of the parent company	3,686	230	1,191	718
Non-controlling interests	791	249	217	95
<b>Consolidated result after taxes</b>	<b>4,477</b>	<b>479</b>	<b>1,408</b>	<b>813</b>
<b>Earnings per share (in EUR)</b>	<b>0.46</b>	<b>0.03</b>	<b>0.15</b>	<b>0.09</b>

in EUR '000	01/01/ - 09/30/2011	07/01/ - 09/30/2011	01/01/ - 09/30/2010	07/01/ - 09/30/2010
<b>Consolidated result after taxes</b>	<b>4,477</b>	<b>479</b>	<b>1,408</b>	<b>813</b>
Foreign Currency Translation (after taxes)	49	231	18	-166
Net Result from Hedge Accounting (after taxes)	62	-62	-215	38
<b>Other result</b>	<b>111</b>	<b>169</b>	<b>-197</b>	<b>-128</b>
thereof attributable to				
Shareholders of the parent company	19	393	122	-557
Non-controlling interests	92	-224	-319	429
<b>Comprehensive income</b>	<b>4,588</b>	<b>648</b>	<b>1,211</b>	<b>685</b>
thereof attributable to				
Shareholders of the parent company	3,705	623	1,313	161
Non-controlling interests	883	25	-102	524

# Consolidated statement of financial position

as of 30 September 2011

## ASSETS

in EUR '000	09/30/2011	12/31/2010
<b>Non-current assets</b>	<b>114,130</b>	<b>110,559</b>
Intangible assets		
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	256	216
Property, plant and equipment	112,855	109,033
Land, leasehold rights and buildings on non-owned land	29,329	30,132
Technical equipment, plant and machinery	72,126	73,107
Other fixtures, fittings and equipment	2,421	2,315
Advance payments and plant and machinery under construction	8,979	3,479
Deffered tax assets	1,019	1,310
<b>Current assets</b>	<b>51,942</b>	<b>55,439</b>
Inventories	24,632	21,415
Raw materials and supplies	13,320	12,546
Unfinished goods	373	393
Finished products and merchandise	10,939	8,476
Trade receivables and other assets	5,612	15,067
Trade receivables	3,665	1,612
Income tax claims	12	169
Other assets	1,935	13,286
Cash and cash equivalents	21,698	18,957
<b>Total Assets</b>	<b>166,072</b>	<b>165,998</b>

## EQUITY &amp; LIABILITIES

in EUR '000	09/30/2011	12/31/2010
<b>Equity</b>	<b>46,725</b>	<b>42,137</b>
Subscribed capital	8,000	8,000
Capital reserve	29,764	29,764
Earnings reserves	9,711	9,711
Profit/loss carried forward	-793	-2,572
Consolidated result after taxes	3,686	1,779
Accumulated other comprehensive result	-557	-576
Non-controlling interests	-3,086	-3,969
<b>Non-current liabilities</b>	<b>86,393</b>	<b>89,377</b>
Retirement benefit obligation	13,764	13,053
Other provisions	353	354
Financial liabilities arising from corporate bonds	28,877	28,694
Payables to banks	34,391	39,609
Profit participation capital	4,969	4,951
Liabilities from finance lease	0	0
Deferred tax liabilities	4,039	2,716
Other liabilities	0	0
<b>Current liabilities</b>	<b>32,954</b>	<b>34,484</b>
Income tax payable	16	16
Other provisions	410	424
Payables to banks	6,717	8,332
Trade payables	10,178	11,244
Liabilities from finance lease	0	319
Other liabilities	15,633	14,149
<b>Total equity &amp; liabilities</b>	<b>166,072</b>	<b>165,998</b>

# Consolidated statement of cash flows

for the period from 1 January 2011 to 30 September 2011

in EUR '000	01/01/ – 09/30/2011	01/01/ – 09/30/2010
<b>Cash flow from operating activities</b>		
<b>Period profit before taxes</b>	<b>6,161</b>	<b>1,984</b>
+ Depreciation and amortization	6,018	5,824
-/+ Gain/loss from asset disposals	-1	10
- Interest income	-428	-96
+ Interest expenses	5,297	3,316
<b>Operating profit before working capital changes</b>	<b>17,047</b>	<b>11,038</b>
+/- Increase/decrease in provisions	266	490
-/+ Increase/decrease in trade receivables and other assets not attributable to investing or financing activity	-702	-3,134
+/- Decrease/increase in inventories	-3,217	-489
+/- Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity	-376	5,054
<b>Cash flow from operating activities before taxes</b>	<b>13,018</b>	<b>12,959</b>
- Income taxes paid	87	-13
<b>Net cash generated by operating activities</b>	<b>13,105</b>	<b>12,946</b>

in EUR '000	01/01/ – 09/30/2011	01/01/ – 09/30/2010
<b>Cash flow from investing activities</b>		
+ Cash received from disposals of property, plant and equipment	49	0
– Cash paid for purchases in property, plant and equipment	-10,555	-4,702
– Cash paid for investments in intangible assets	-91	-21
<b>Net cash used in investing activities</b>	<b>-10,597</b>	<b>-4,723</b>
<b>Cash flow from financing activities</b>		
+ Cash received from investments in fixed deposit > 3 months	10,000	0
+ Cash received from financial loans	11,000	0
– Cash rendered for payment of financial loans	-18,081	-2,171
– Cash rendered for liabilities from finance lease	-319	-688
– Interest paid	-2,745	-3,120
+ Interest received	334	96
<b>Net cash generated by financing activities</b>	<b>189</b>	<b>-5,883</b>
<b>Net change in cash and cash equivalents</b>	<b>2,697</b>	<b>2,340</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	44	-6
Cash and cash equivalents at the beginning of the year	18,957	497
<b>Cash and cash equivalents at the end of the year</b>	<b>21,698</b>	<b>2,831</b>

# Consolidated statement of changes in equity

for the period from 1 January 2011 to 30 September 2011

## Equity attributable to shareholders of Nabaltec AG

in EUR '000	Subscribed Capital	Capital reserve	Earnings reserves
<b>Balance per 01/01/2010</b>	<b>8,000</b>	<b>29,764</b>	<b>9,707</b>
<b>Consolidation adjustment Nashtec LLC*</b>	–	–	<b>4</b>
Foreign currency translation	–	–	–
Net gains from hedge accounting	–	–	–
Other gains/losses	–	–	–
Profit/loss for the period after taxes	–	–	–
<b>Consolidated profit for the period</b>	–	–	–
<b>Balance per 09/30/2010</b>	<b>8,000</b>	<b>29,764</b>	<b>9,711</b>
Foreign currency translation	–	–	–
Net gains from hedge accounting	–	–	–
Other gains/losses	–	–	–
Profit/loss for the period after taxes	–	–	–
<b>Consolidated profit for the period</b>	–	–	–
<b>Balance per 12/31/2010</b>	<b>8,000</b>	<b>29,764</b>	<b>9,711</b>
Foreign currency translation	–	–	–
Net gains from hedge accounting	–	–	–
Other gains/losses	–	–	–
Profit/loss for the period after taxes	–	–	–
<b>Consolidated profit for the period</b>	–	–	–
<b>Balance per 09/30/2011</b>	<b>8,000</b>	<b>29,764</b>	<b>9,711</b>

\* see the notes regarding consolidation group within the abridged consolidated notes



Profit carried forward	Accumulated other comprehensive result	Total	Non-controlling interests	Consolidated equity
-2,527	-898	44,046	-4,003	40,043
-45	–	-41	41	0
–	235	235	-217	18
–	-113	-113	-102	-215
–	122	122	-319	-197
1,191	–	1,191	217	1,408
<b>1,191</b>	<b>122</b>	<b>1,313</b>	<b>-102</b>	<b>1,211</b>
<b>-1,381</b>	<b>-776</b>	<b>45,318</b>	<b>-4,064</b>	<b>41,254</b>
–	125	125	-72	53
–	75	75	72	147
–	200	200	0	200
588	–	588	95	683
<b>588</b>	<b>200</b>	<b>788</b>	<b>95</b>	<b>883</b>
<b>-793</b>	<b>-576</b>	<b>46,106</b>	<b>-3,969</b>	<b>42,137</b>
–	-13	-13	62	49
–	32	32	30	62
–	19	19	92	111
3,686	–	3,686	791	4,477
<b>3,686</b>	<b>19</b>	<b>3,705</b>	<b>883</b>	<b>4,588</b>
<b>2,893</b>	<b>-557</b>	<b>49,811</b>	<b>-3,086</b>	<b>46,725</b>

## Segment reporting

The operative segments are consistent with the business divisions of the Nabaltec Group. The risks as well as internal organization and reporting structure are mainly determined by the differentiation of the products.

### Business segments

Nabaltec is divided into two business segments, “Functional Fillers” and “Technical Ceramics”. Each segment represents a strategic business division, the products and markets of which differ from those of the other.

The “Functional Fillers” segment produces and distributes non-halogenated flame retardant fillers for the plastics and the wire & cable industry as well as additives.

The “Technical Ceramics” segment produces and distributes ceramic raw material and ceramic bodies for numerous applications in technical ceramics as well as the refractory industry.

#### Period from 1 January 2011 to 30 September 2011

	Functional Fillers		Technical Ceramics		Nabaltec Group	
	01/01/ - 09/30/	07/01/ - 09/30/	01/01/ - 09/30/	07/01/ - 09/30/	01/01/ - 09/30/	07/01/ - 09/30/
in EUR '000						
<b>Revenues</b>						
Third party revenue	66,682	19,116	33,974	11,450	100,656	30,566
<b>Segment result</b>						
EBITDA	11,382	2,657	5,666	1,959	17,048	4,616
EBIT	7,037	1,202	3,993	1,390	11,030	2,592

#### Period from 1 January 2010 to 30 September 2010

	Functional Fillers		Technical Ceramics		Nabaltec Group	
	01/01/ - 09/30/	07/01/ - 09/30/	01/01/ - 09/30/	07/01/ - 09/30/	01/01/ - 09/30/	07/01/ - 09/30/
in EUR '000						
<b>Revenues</b>						
Third party revenue	54,761	18,567	27,000	9,785	81,761	28,352
<b>Segment result</b>						
EBITDA	7,097	2,298	3,931	1,407	11,028	3,705
EBIT	2,884	891	2,320	862	5,204	1,753

# Abridged consolidated notes to the interim report

from 1 January 2011 to 30 September 2011

## 1. General information

Nabaltec AG, based in Schwandorf, Germany<sup>1</sup>, was founded under the name Nabaltec GmbH, with its registered head office in Schwandorf (registered in the Commercial Register of the Amberg Local Court under HRB 3920) by virtue of Articles of Incorporation dated 14 December 1994. It acquired the specialty alumina division of VAW aluminium AG in 1995. The Company was converted to a stock corporation in 2006.

According to Section 2 of the Articles of Association, Nabaltec AG's business activities include the development, manufacturing and distribution of highly specialized products based on mineral raw materials, particular on the basis of aluminum hydroxide and aluminum oxide.

The shares of Nabaltec AG are listed in the Open Market (Entry Standard) segment of the Frankfurt Stock Exchange since 24 November 2006.

## 2. Basis of preparation

The consolidated financial statements of Nabaltec AG as of 30 September 2011 were prepared with due regard to all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the Standing Interpretations Committee (SIC) recognized by the European Union and applicable to the financial year.

The interim financial statements of Nabaltec AG for the period from 1 January to 30 September 2011 were prepared in conformance with IAS 34, "Interim Financial Reporting", as a shorter financial report. The shorter financial statements do not contain all information prescribed for the financial statements of the financial year and should be read in conjunction with the consolidated financial statements as at 31 December 2010.

The interim financial statements encompass the period from 1 January 2011 to 30 September 2011.

The consolidated financial statements are prepared in euro (EUR). Unless stipulated otherwise, all values are rounded up or down to the nearest thousand euro (EUR thousand) in accordance with the commercial rounding practice. Please note that differences can result from the use of rounded amounts and percentages.

The presentation in the balance sheet differentiates between current and non-current assets and liabilities, some of which are broken down further by their respective maturities in the notes to the financial statements.

The statement of comprehensive income has been prepared in accordance with the total expenditure format.

The interim financial statements have not been audited or reviewed by the auditor.

### Consolidation group

The consolidated group of Nabaltec AG as at 30 September 2011 did not change compared to the consolidated financial statements as at 31 December 2010 or the third quarter of financial year 2010. The consolidated financial statements encompass the financial statements of Nabaltec AG, Schwandorf, as parent company, and its subsidiary Nashtec LLC, Texas (USA). Nashtec L.P. was founded as a joint venture with Sherwin Alumina in 2005.

### New accounting provisions

All accounting and valuation methods used in the preparation of the abridged financial statements correspond to the methods applied in the most recent consolidated financial statements as at 31 December 2010.

<sup>1</sup> Nabaltec AG, Alustraße 50 - 52, 92421 Schwandorf, Germany

In addition to the Standards and Interpretations used on 31 December 2010, the following Standards and Interpretations were used for the first time, and had no impact on the interim financial statements:

- the revised IAS 24, "Related Party Disclosures";
- changes to IAS 32, "Financial Instruments: Presentation";
- changes arising from the "Annual Improvements Project" 2008-2010 (AIP);
- changes to IFRIC 14, "IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction";
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments".

### 3. Notes to the consolidated statement of comprehensive income

#### Revenue

We refer to the segment reports with respect to the revenue by product area. Information on revenue performance may be found in the management report.

### 4. Notes to the consolidated balance sheet

#### Property, plant and equipment

The additions to property, plant and equipment in the first nine months of 2011 were the result of investments, primarily in technical equipment and machinery for further process optimization in all areas.

#### Shareholders' equity

The change in the shareholders' equity of Nabaltec AG is presented in the consolidated statement of changes in equity.

The item "minority shares" represents shares in the shareholders' equity of Nashtec LLC, Texas (USA).

### Current and non-current liabilities

#### Liabilities to banks

Liabilities to banks largely entail long-term credits borrowed at standard market interest rates. The market value corresponds to the book value.

Nabaltec AG was able to restructure a substantial portion of its existing long-term bank debt in the third quarter of 2011. The terms represent a clear improvement over the previous loan contracts.

### 5. Other disclosures

#### Other financial obligations

##### Contingent Liabilities and legal liability relations

As of the cutoff date, there were no contingent liabilities, legal liability relations or other legal disputes for which provisions had not been previously made.

#### Related party transactions

The group of related persons and enterprises did not change compared to the consolidated financial statements as at 31 December 2010.

No transactions with related persons and enterprises took place in the first nine months of 2011. Such transactions are conducted at standard market prices and conditions.

#### Significant events after the balance sheet date

No significant events were registered after the balance sheet date.

Schwandorf, 28 October 2011

The Management Board

## Financial calendar

30 April 2012	Annual Report 2011
29 May 2012	Interim Report 1/2012
21 June 2012	Annual General Meeting
21 August 2012	Interim Report 2/2012
15 October 2012	Corporate bond: annual interest payment
27 November 2012	Interim Report 3/2012

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