



Our Know-How for Your Safety

Interim Report 2/2009

KEY FIGURES NABALTEC GROUP

in EUR million	30.06.2009 (IFRS)	30.06.2008 (IFRS)	Deviation
REVENUES			
Total Revenues	33.1	51.9	-36.2%
thereof			
Functional Fillers	22.7	35.0	-35.1%
Technical Ceramics	10.4	16.9	-38.5%
EARNINGS			
EBITDA	1.1	5.6	-80.4%
EBIT	-2.0	3.2	-162.5%
Net income*	-4.0	1.0	-500.0%
Earnings per share (EUR)*	-0.45	0.19	-336.8%
FINANCIAL POSITION			
Cash flow from operating activities	0.8	4.4	-81.8%
Cash flow from investing activities	-9.7	-11.0	-11.8%
ASSETS, EQUITY AND LIABILITIES			
	30.06.2009	31.12.2008	
Total assets	131.8	132.2	-0.3%
Equity	41.4	45.1	-8.2%
Non-current assets	105.0	97.3	7.9%
Current assets	26.8	34.9	-23.2%
Employees** (Headcount)	341	330	3.3%

* net, after minority interests

** as of the cutoff date 30.06. including trainees

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Management board:
Johannes Heckmann (left)
Gerhard Witzany (right)

Dear Shareholders,

In our view, it is far too early to speak of a turnaround in the domestic or global economy, even though we are now beginning to hear data and views which appear to support the assumption that the economy is improving: some industries are reporting that orders are on the rise, production volume is growing in some sectors and statements coming out of the Ministry of Economics also seem to indicate a turnaround.

Nevertheless, the situation in the chemicals industry remains challenging, as demonstrated by the data published by the German Chemicals Association for the first half of 2009: revenues were down 16.5% industry-wide and plants were operating at an average capacity of 72% in the first six months of 2009. The Association projects that revenues will fall 12% on the year.

The Association estimates that the current crisis has set back the chemicals industry several years, to the position it occupied in 2003. Thankfully, Nabaltec was able to avoid such a fate, and by a considerable margin: Nabaltec AG reported revenues of EUR 50.1 million in 2003, compared to EUR 96.3 million in 2008, and EUR 33.1 million in the first half of 2009. These figures demonstrate that Nabaltec's growth was higher-than-average compared to the sector's performance in recent years and that we have been able to do relatively well in this tough environment, although our revenues and earnings have not been entirely satisfactory.

We do not expect a clear turnaround in the second half of the year, but we do expect to see our business stabilize. Major consumer industries appear to have survived the worst of the crisis. For example, the steel industry, a major consumer of our technical ceramics, has reported that it will soon be opening new blast furnaces and the order situation in the electrical and electronics industry, a customer of mineral based

„Despite a noticeable stabilization our market environment remains challenging in 2009. But we were able to successfully maintain our market position and the mid-term growth prospects are fully intact.“

Johannes Heckmann, Member of the Board

halogen-free flame retardants, now appears to be stabilizing all over the world. However, other major consumer industries, such as the construction sector, are still in crisis. As expected, operating profit (EBIT) in the first six months of 2009 is negative and reached EUR –2.0 million.

The fact that the situation is stabilizing in some of our consumer industries leads us to expect that the second half of the year will go better than the first. Customers are able to give us an outlook on their estimated orders, which is positively now and a step in the right direction: about nine months ago, that was not the case, as customers were too unsettled to plan future orders. In our view, recent developments clearly indicate that the inventory liquidation process throughout the value and production chain has now come to an end. Our deliveries to all of our relevant markets are now consistent with actual demand.

Nabaltec's market position, as well as that of its leading competitors, seems to have been nearly unchanged in the past nine months. The fact that we have been able to defend our market position despite significant price increases makes us very confident in our ability to clearly benefit as the market recovers.

Of course, we don't know if this will happen in the second half of the year, in 2010 or even later, but Nabaltec will continue the growth strategy, which we have pursued in the past. We are still very far from exploiting the full range of our products' applications. At the same time, we expect to see additional growth when our key customers recover, as well as from further improvements in the quality and market position of our products. In the short term, we expect to benefit as our customers bring inventories back up to normal levels. The first two areas where we expect to see significant improvements are halogen-free flame retardants and specialty applications for technical ceramics, such as ballistics.

In light of these expectations, our estimates for the second half of 2009 are conservative. Total revenues in the third and fourth quarter of 2009 should exceed over EUR 37 million, more than 10% higher than in the first half of the year. We expect revenues to exceed EUR 70 million on the year, and earnings before interest, taxes, depreciation and amortization (EBITDA) should be higher than in the first six months of 2009.

But Nabaltec does not just plan to wait for the economy and the market to recover. Our project to enter the business of supplying additives for the plastics industry is proceeding according to plan and the plant of our new product, ACTILOX® CAHC, will enter industrial scale production in the fourth quarter of 2009. At the same time, we will be introducing new qualities for our best-selling APYRAL® CD line, which should generate additional revenues.

Nabaltec AG's recent recognition as one of Germany's Top 100 most innovative small and medium sized companies serves to demonstrate our ability to create new and innovative products and constantly improve upon them, as well as inspiring us to continue on this course. This was the fourth time that Nabaltec has received this award.

Despite the tough environment, we can face the future with unbroken confidence in the knowledge that the quality and properties of our products will ensure that they will be in demand for a long time to come. After all, our products are making a significant contribution towards making our world safer: our products are eco-friendly and are beginning to take the place of substances that do pollute the environment. In the future, we will benefit increasingly from new legislative initiatives that aim to protect the environment.

Nabaltec can be confident in its ability to master the current market and economic conditions as a quality leader, and to differentiate itself even further from the competition.

Yours,

Johannes Heckmann
Member of the Board

Gerhard Witzany
Member of the Board

Nabaltec share

Prices and turnover (Xetra trading)		First six months of 2009	Year 2008
Average price	EUR	2.01	4.80
Maximum price	EUR	3.05	8.20
Closing price (cutoff date)	EUR	2.20	2.49
Average daily turnover	per share	5,724	7,313

The DAX 30, SDAX and specialty chemicals sector index were down sharply through the end of March as the financial markets crisis progressed, but have steadily recovered in the months since, and are now approximately back to where they were at the end of 2008.

Nabaltec share quoted at EUR 1.55 at the end of March (all figures refers to XETRA trading), but clearly outperformed the comparative indices in April and through mid-May, although it has fallen back slightly since then. As of 30 June 2009, Nabaltec share was trading at EUR 2.20, down 11.6% from its position at the end of 2008.

Nabaltec's average daily turnover was higher in the second quarter of 2009 than it was in the first quarter, as average turnover rose from 4,817 shares in the first three months of the year to 5,724 in the first six months. By comparison, average daily turnover in 2008 was 7,313.

As of 30 June 2009, most of the 8,000,000 shares were still held by the Heckmann and Witzany families. The Heckmann family owns 32.1% of Nabaltec's capital stock, and the Witzany family holds 29.7%. The remaining 38.2% is in free float.

This year's general meeting was held on 10 June 2009 at the Amberg Convention Center, and all agenda items were adopted by a large majority. In particular, the shareholders accepted the recommendation from the Management and Supervisory Boards to carry forward Nabaltec's 2008 distributable profit in the amount of EUR 3,876,101.44.

Nabaltec AG's management actively presented the company's performance and strategy to the capital market in the first six months of 2009. In addition to the general meeting, numerous conversations were held with investors and analysts in connection with the company's publication

of its first-quarter earnings, and Nabaltec was represented by its Management Board at an investor conference in Munich organized by VEM Aktienbank AG. VEM is also the designated sponsor for Nabaltec share. The company also took part for the first time in Deutsche Börse's Entry and General Standard Conference, held in Frankfurt in May 2009. This is the largest capital market conference for Nabaltec AG's stock market segment.

Analysts who follow the share on a permanent basis rated Nabaltec share as a „buy“ in the first half of 2009. In its April 2009 analysis, Berenberg Bank confirmed its „buy“ recommendation, naming a price target of EUR 3.70. In June 2009, VEM Aktienbank published its first study about Nabaltec, in which it also gave a „buy“ recommendation and set the fair value for the share at EUR 3.75.

Nabaltec AG reported 15 share purchases by directors in the first half of 2009. These „directors' dealings“ were voluntarily disclosed and published on the company's website.

For more information about Nabaltec AG, visit its website at www.nabaltec.de



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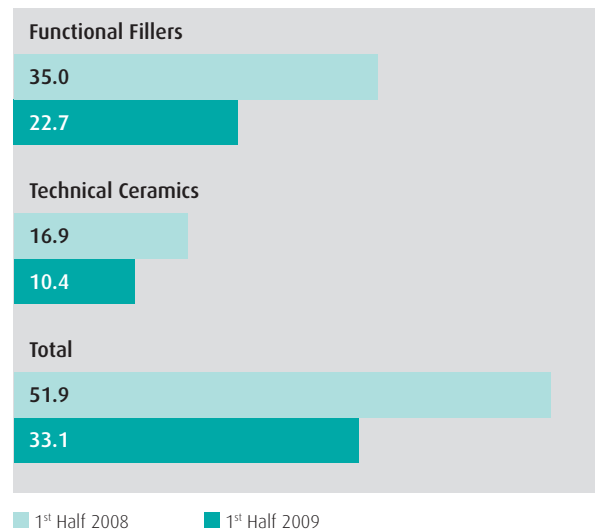
COURSE OF BUSINESS IN THE FIRST HALF OF 2009

In a challenging environment, Nabaltec Group's revenues in the second quarter of EUR 16.8 million developed largely along the lines of first-quarter revenues. Revenues in the first half were down 36.2% relative to the first half of 2008. Nabaltec took effective countermeasures regarding the earnings situation in spite of the decline in revenues, which was largely driven by general economic conditions, as EBIT were almost balanced in the second quarter after falling sharply in the first quarter. Nabaltec was also able to report positive cash flow from operating activities in the first half of 2009. The stabilization trend is evident in this area as well, as cash flow improved significantly in the second quarter relative to the first quarter of 2009.

Both business divisions, „Functional Fillers“ and „Technical Ceramics,“ remain equally affected by the tough conditions in their target industries. Nevertheless, we saw signs in the second quarter that the functional fillers business is stabilizing. Revenues in the „Technical Ceramics“ business division continued to fall in the second quarter, as the refractory industry has shown no sign of recovery given the trend in global steel production.

Revenues by business divisions

EUR million



Revenues of functional fillers, i.e. primarily halogen-free flame retardants, fell by 35.1% in the first half of 2009 relative to the first half of 2008. Demand for halogen-free flame retardants in the US grew in the second quarter, so that second-quarter revenues were down only 32.6% from the same quarter in the year before. We are seeing signs of stabilization in the plastics industry, as well as in the cable & wire and insulation industry, where customers are now once again willing to forecast their future demand. Revenues in the „Technical Ceramics“ business division



fell by 38.5% in the first half of 2009, with no stabilization in sight. Demand in the refractory industry continues to weaken, due primarily to the steep decline in global steel production. Although the big steel producers are now beginning to raise their production quotas, it is too early to speak of a lasting recovery in that industry.

Nabaltec's revenues fell in the first half in all regions of the globe, with the sole exception of functional filler revenues in the US, which actually improved by 6.4% in the first half thanks to the strong performance of Nabaltec's US subsidiary, Nashtec L.P.

Nabaltec's total performance was affected by falling revenues, as well as by the deliberate reduction of finished and unfinished products in the amount of EUR 2.6 million.

Nabaltec Group's gross profit (as a percentage of total performance) improved by 3.2 percentage points over the first half of 2008, to 49.4% (first half of 2008: 46.2%). Gross margin was higher than the year before in both the first and second quarters. This development is due above all to Nabaltec's ability to raise prices for its products while mitigating the impact of price increases from its suppliers by strategically replenishing its stocks in the fourth quarter of 2008.

Personnel expenses fell by EUR 1.2 million from the year before despite growth in the headcount. This can be attributed to efforts to cut costs within the framework

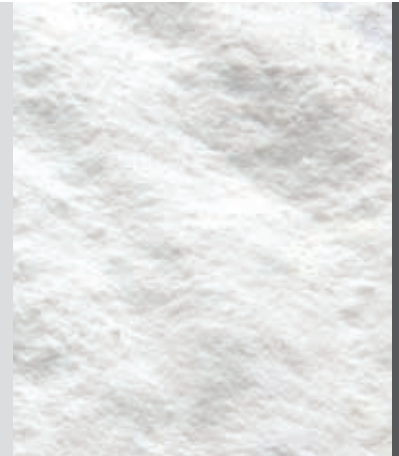
allowed under the collective bargaining agreement, including a 6.67% cut in wages and salaries since the start of the year, a short-time working program introduced in February and expanded in the second quarter and a reduction in annual bonus payment. The personnel expense ratio (personnel expenses as a percentage of total performance) increased from 16.0% to 23.9%.

Other operating expenses were affected above all by a considerable reduction in freight costs, which fell along with revenues. Reductions were also seen in repair costs and the cost of third-party services. All together, other operating expenses fell by 35.2% in the first half of 2009.

Earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR 1.1 million in the first half, down from EUR 5.6 million in the first half of last year. There was a clear improvement in the second quarter, with EBITDA up EUR 1.7 million from the first quarter, as earnings improved in both business divisions.

The positive impact of cost-cutting measures led to an improvement in EBIT in the second quarter, from EUR -1.8 million in the first quarter to EUR -0.2 million in the second, as the company nearly broke even despite the fact that revenues remained weak. EBIT for the first six months of 2009 are therefore EUR -2.0 million, down from EUR 3.2 million in the first half of 2008, in part a reflection of rising depreciation on investments made in 2008 and 2009.

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Earnings before taxes fell to EUR –3.9 million, down from EUR 1.6 million in the first half of 2008. Earnings after taxes and minority interests came to EUR –3.6 million in the first six months of 2009, down from EUR 1.5 million in the first half of last year. In general, earnings have stabilized since the first quarter of 2009, as the downward trend has grown less severe.

The consolidated cash flow statement shows positive cash flow from operating activities in the first half of 2009 in the amount of EUR 0.8 million (first half of 2008: EUR 4.4 million). The decline relative to the year before is primarily attributable to the earnings situation. The planned and continuing reduction of inventories contributed EUR 7.2 million to operating cash flow, while EUR 6.7 million were used in lowering trade payables and other liabilities.

Investments continued as planned in the second quarter of 2009, with about two thirds of investments in the first six months of 2009 going towards construction of the CAHC production site in Schwandorf for the new „Additives“ business unit. Other funds were invested in production equipment and machinery in the „Flame Retardants“ business unit and the „Technical Ceramics“ business division. In all, net cash flow from investment activities, after subtracting pro-rata investment grants came to EUR –9.7 million.

Cash flow from financing activities improved to

EUR 7.5 million, up from EUR 5.9 million in the first half of 2008, due to implementation of Nabaltec’s medium- and long-term financing strategy. This increase was largely attributable to the raising of EUR 12.0 million in long-term loans.

Due to the aforementioned borrowing, as well as the earnings trend in the first half of 2009, the equity ratio fell by 2.7 percentage points as of 30 June 2009, but remains strong (31.4%).

EMPLOYEES

As of 30 June 2009, Nabaltec Group had 341 employees, up from 330 (including trainees) at the same date last year. The trainee ratio is nearly unchanged, at 9.4%.

SUPPLEMENTARY REPORT

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

REPORT ON RISKS

In the first half of 2009 there have been no significant changes to the risk description described in the 2008 consolidated management report.

OUTLOOK

2009 has been and will remain a year in which Nabaltec faces considerable challenges in nearly all of its target markets. The industries of great importance for the Group



have not yet shown any recovery signals up to mid-year, and their situation remains stable at best. While demand for eco-friendly flame retardants continues to grow, demand for raw materials for technical ceramics and ceramic bodies has fallen even further since the start of the year. However, we have seen a clear stabilization in some areas in the second quarter, in terms of particular revenue segments, in terms of operating profit and cash flow. Nabaltec's customers tend to place orders over a longer period in advance, and their ordering practices seem to indicate that inventories are now low all along the value chain, an indicator of growing demand.

Despite all the barriers, Nabaltec has been able to hold on to its market share, thanks to its strategy of focusing on top-quality and specialty products. Nabaltec is continuing to flexibly adjust production to global demand, and further applies short-time and flexible working hour models as this process continues. Nabaltec will also adjust wage and salary costs to the extent possible under the collective bargaining agreement for the chemicals industry.

Nabaltec is continuing to optimize working capital in order to improve liquidity. Strict cost management helps Nabaltec Group improve liquidity, as well as earnings.

Despite the tense economic situation, Nabaltec is continuing to focus on its long-term goals. Strategic investments in the new „Additives“ business unit are proceeding according to plan, and this new business

unit should begin generating revenues and cash flows in the fourth quarter. Changes in statutory requirements all over the world will mean that more and more heavy metal-based stabilizers will have to be replaced by eco-friendly products and, thanks to its investment in this area, Nabaltec will be in a position to profit from this projected growth in demand.

Revenues in the third and fourth quarters of 2009 are expected to exceed EUR 37 million, more than 10% higher than revenues in the first half of the year. On the year, revenues are expected to come out higher than EUR 70 million. We expect earnings before interest, taxes, depreciation and amortization (EBITDA) to improve over the figure posted in the first half of the year.

Based on the assumption that revenues in the „Functional Fillers“ and „Technical Ceramics“ business divisions will grow by more than 5% in the medium term, Nabaltec remains focused on raising its EBIT margin to the double digits in the long term.

Otherwise, the statements made in the forecast period to the 2008 consolidated management report remain in effect.

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at 30 June 2009

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FOR THE PERIOD FROM 1 JANUARY 2009 TO 30 JUNE 2009

	2009 01.01. – 30.06. EUR 000	2009 01.04. – 30.06. EUR 000	2008 01.01. – 30.06. EUR 000	2008 01.04. – 30.06. EUR 000
Revenues	33,108	16,803	51,941	26,566
Decrease/increase in unfinished and finished products	-2,621	-407	1,699	1,583
Other own work capitalized	499	321	99	40
Total performance	30,986	16,717	53,739	28,189
Other operating income	441	176	656	280
Cost of materials	-16,171	-8,796	-29,627	-15,926
Gross profit	15,256	8,097	24,768	12,543
Personnel expenses	-7,354	-3,402	-8,603	-4,338
Depreciation and amortization	-3,109	-1,567	-2,415	-1,223
Other operating expenses	-6,794	-3,300	-10,524	-5,396
Operating result (EBIT)	-2,001	-172	3,226	1,586
Interest and similar income	57	28	64	24
Interest and similar expenses	-1,993	-842	-1,660	-832
Result from ordinary operations (EBT)	-3,937	-986	1,630	778
Income taxes	-66	-53	-661	-378
Consolidated result after taxes	-4,003	-1,039	969	400
thereof attributable to				
Shareholders of the parent company	-3,637	-919	1,506	707
Minority interests	-366	-120	-537	-307
Consolidated result after taxes	-4,003	-1,039	969	400
Earnings per share (in EUR)	-0.45	-0.11	0.19	0.09

Statement of income and accumulated earn

Consolidated result after taxes	-4,003	-1,039	969	400
Foreign currency translation	-10	-196	-72	20
Net gains from hedge accounting	359	344	-587	326
Total changes in value included in equity	349	148	-659	346
thereof attributable to				
Shareholders of the parent company	113	-243	-526	177
Minority interests	236	391	-133	169
Sum of consolidated result after taxes and total changes in value included in equity	-3,654	-891	310	746
thereof attributable to				
Shareholders of the parent company	-3,524	-1,162	980	884
Minority interests	-130	271	-670	-138

Consolidated balance sheet

AT 30 JUNE 2009

ASSETS	30.06.2009 EUR 000	31.12.2008 EUR 000
NON-CURRENT ASSETS	105,047	97,292
Intangible Assets	261	364
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	261	364
Property, plant and equipment	104,786	96,928
Land, leasehold rights and buildings on non-owned land	27,268	27,250
Technical equipment, plant and machinery	56,751	56,057
Other fixtures, fittings and equipment	2,314	2,373
Advance payments and plant and machinery under construction	18,453	11,248
CURRENT ASSETS	26,790	34,869
Inventories	21,225	28,408
Raw materials and supplies	11,838	16,552
Unfinished goods	485	569
Finished products and merchandise	8,902	11,287
Trade receivables and other assets	5,033	4,519
Trade receivables	1,717	1,303
Income tax claims	207	0
Other assets	3,109	3,216
Cash and cash equivalents	532	1,942
Total assets	131,837	132,161

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EQUITY AND LIABILITIES	30.06.2009 EUR 000	31.12.2008 EUR 000
EQUITY	41,397	45,051
Subscribed capital	8,000	8,000
Capital reserve	29,764	29,764
Earnings reserves	9,707	9,707
Profit carried forward	2,520	1,394
Consolidated result after taxes	-3,637	1,126
Accumulated other comprehensive result	-821	-934
Minority interests	-4,136	-4,006
NON-CURRENT LIABILITIES	59,031	51,501
Pension provisions	9,941	9,643
Liabilities due to banks	36,018	27,377
Profit participation capital	4,915	4,902
Liabilities from finance lease	799	1,269
Deferred tax liabilities	4,006	3,943
Other liabilities	3,352	4,367
CURRENT LIABILITIES	31,409	35,609
Liabilities for income taxes	102	608
Other provisions	846	930
Liabilities due to banks	10,228	10,236
Trade payables	8,725	9,497
Liabilities from finance lease	1,018	1,093
Other liabilities	10,490	13,245
Total equity and liabilities	131,837	132,161

Consolidated cash flow statement

FOR THE PERIOD FROM 1 JANUARY 2009 TO 30 JUNE 2009

	2009 01.01. – 30.06. EUR 000	2008 01.01. – 30.06. EUR 000
CASH FLOW FROM OPERATING ACTIVITIES		
Period profit before taxes	-3,937	1,630
+ Depreciation and amortization	3,109	2,415
-/+ Gain/loss from asset disposals	1	-8
- Interest income	-57	-64
+ Interest expenses	1,993	1,660
Operating profit before working capital changes	1,109	5,633
+/- Increase/decrease in provisions	214	-69
-/+ Increase/decrease in trade receivables and other assets not attributable to investing or financing activity	-307	1,097
+/- Decrease/increase in inventories	7,183	-1,781
+/- Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity	-6,696	-322
Cash Flow from operating activities before taxes	1,503	4,558
- Income taxes paid	-717	-171
Cash Flow from operating activities	786	4,387

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	2009 01.01. – 30.06. EUR 000	2008 01.01. – 30.06. EUR 000
CASH FLOW FROM INVESTING ACTIVITIES		
+ Cash received from disposals of property, plant and equipment	0	37
– Cash paid for purchases in property, plant and equipment	–9,808	–10,932
+ Cash received from reverse transaction in intangible assets	70	0
– Cash paid for investments in intangible assets	0	–87
Cash Flow from investing activities	–9,738	–10,982
CASH FLOW FROM FINANCING ACTIVITIES		
– Dividend disbursements to business owners	0	–800
+ Cash received from disposals of assets under sale-and-lease-back transactions	0	6,955
+ Cash received from financial loans	12,000	3,141
– Cash rendered for payment of financial loans	–1,994	–1,188
– Cash rendered for liabilities from finance lease	–545	–509
– Interest paid	–2,011	–1,741
+ Interest received	57	64
Cash Flow from financing activities	7,507	5,922
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Change in cash and cash equivalents due to exchange rate changes	35	55
Cash and cash equivalents at beginning of period	1,942	1,676
Cash and cash equivalents at end of period	532	1,058

Statement of changes in consolidated equity

FOR THE PERIOD FROM 1 JANUARY 2009 TO 30 JUNE 2009

	Subscribed Capital	Capital reserve	Earnings reserves
	EUR 000	EUR 000	EUR 000
BALANCE AT 01.01.2008	8,000	29,764	9,707
Foreign currency translation			
Net gains from hedge accounting			
Profit/loss recognized directly in equity			
Profit/loss for the period			
Consolidated profit for the period			
Profit distribution			
BALANCE AT 30.06.2008	8,000	29,764	9,707
Foreign currency translation			
Net gains from hedge accounting			
Profit/loss recognized directly in equity			
Profit/loss for the period			
Consolidated profit for the period			
BALANCE AT 31.12.2008	8,000	29,764	9,707
Foreign currency translation			
Net gains from hedge accounting			
Profit/loss recognized directly in equity			
Profit/loss for the period			
Consolidated profit for the period			
BALANCE AT 30.06.2009	8,000	29,764	9,707

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EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF NABALTEC AG				
Profit carried forward	Accumulated other comprehensive result	Total	Minority interests	Consolidated equity
EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
2,194	-486	49,179	-1,850	47,329
	-229	-229	157	-72
	-297	-297	-290	-587
	-526	-526	-133	-659
1,506		1,506	-537	969
1,506		1,506	-537	969
-800		-800		-800
2,900	-1,012	49,359	-2,520	46,839
	477	477	-322	155
	-399	-399	-393	-792
	78	78	-715	-637
-380		-380	-771	-1,151
-380	0	-380	-771	-1,151
2,520	-934	49,057	-4,006	45,051
	-68	-68	58	-10
	181	181	178	359
	113	113	236	349
-3,637		-3,637	-366	-4,003
-3,637		-3,637	-366	-4,003
-1,117	-821	45,533	-4,136	41,397

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 divisions, "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" division produces and distributes halogen-free flame retardant fillers for the plastics and the cable & wire industry as well as additives.

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

Period from January 1, 2009 to June 30, 2009	Functional Fillers		Technical Ceramics		Nabaltec Group	
	2009		2009		2009	
	01.01. - 30.06. EUR 000	01.04. - 30.06. EUR 000	01.01. - 30.06. EUR 000	01.04. - 30.06. EUR 000	01.01. - 30.06. EUR 000	01.04. - 30.06. EUR 000
Revenues						
Revenues from external customers	22,673	12,044	10,435	4,759	33,108	16,803
Segment result						
EBITDA	1,023	1,269	85	126	1,108	1,395
EBIT	-1,069	229	-932	-401	-2,001	-172

Period from January 1, 2008 to June 30, 2008	Functional Fillers		Technical Ceramics		Nabaltec Group	
	2008		2008		2008	
	01.01. - 30.06. EUR 000	01.04. - 30.06. EUR 000	01.01. - 30.06. EUR 000	01.04. - 30.06. EUR 000	01.01. - 30.06. EUR 000	01.04. - 30.06. EUR 000
Revenues						
Revenues from external customers	34,994	17,798	16,947	8,768	51,941	26,566
Segment result						
EBITDA	3,227	1,548	2,414	1,261	5,641	2,809
EBIT	1,624	739	1,602	847	3,226	1,586

Condensed notes for the interim financial reporting

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FROM 1 JANUARY 2009 TO 30 JUNE 2009

1. GENERAL INFORMATION

Nabaltec AG, with its registered head office in Schwandorf (Germany)¹, 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 December 14, 1994. It acquired the division speciality oxides from VAW aluminium AG in 1995. The company was converted to a stock corporation in 2006.

In accordance with Article 2 of the bylaws of Nabaltec AG, the business object of the company is the development of mineral commodities based products, especially using aluminum hydroxide and aluminum oxide and the distribution of those products.

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

2. BASIC OF PREPARATION

The consolidated financial statements at June 30, 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union (EU) applicable until June 2009. The IFRS issued by the International Accounting Standards Board comprise the International Accounting Standards (IAS) as well as the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements", both issued already in 2008 but endorsed by the EU at June 12, 2009, were already applied in the consolidated financial statements at December 31, 2008 and the interim financial reporting at March 31, 2009, as an endorsement by the EU has been expected on short notice at the time these financial statements were set up.

The interim financial reporting of Nabaltec for the six-month

period from January 1 to June 30, 2009 has been prepared on the basis of IAS 34 "Interim Financial Reporting" as a set of condensed financial statements. This condensed interim financial reporting does not contain all of the information required for a complete set of financial statements for a full financial year and should, therefore, be read in conjunction with the financial statement for the year ended at December 31, 2008.

The interim financial reporting of Nabaltec AG comprises the period from January 1 to June 30.

The consolidated financial statements are prepared in Euros (EUR). Unless otherwise indicated, all figures have been rounded up or down to thousand Euros (EUR thousand) in accordance with commercial rounding practices. Please note that differences can result from the use of rounded amounts and percentages.

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 income statement has been prepared by disclosing expenses by nature.

This interim financial reporting is unaudited.

Consolidation scope

The consolidation scope of Nabaltec AG for the six-month period from January 1 to June 30, 2009 is the same as that used in the consolidation financial statements for the year ended December 31, 2008 and the corresponding first half of 2008. The consolidated financial statements include the single financial statements of the parent company Nabaltec AG, Schwandorf, as well as its subsidiary Nashtec L.P., Corpus Christi (USA). Nashtec L.P. was founded as a joint venture with Sherwin Alumina in 2005. Nashtec Management Corporation was not included in the consolidated financial statements for lack of materiality.

¹ Nabaltec AG, Alustraße 50-52, 92421 Schwandorf, Germany

New accounting standards

The accounting policies used in the preparation of these condensed financial statements are identical to those that were used in preparing the annual financial statements at December 31, 2008. The following Interpretations were applicable for the first time:

- Changes to IFRS 2 “Share-based Payment”: The application of the changes is required for the first time in financial years that begin on or after January 1, 2009. The amendment have no effects on the presentation of the assets and liabilities, financial position and operating performance because the companies included in the consolidated financial statements does not have grant share-based payment according to the definition of IFRS 2.
- Changes to IFRS 1 and IAS 27: “Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate”: The changes are effective for financial years beginning on or after January 1, 2009 and contain the objective of simplifying measuring the initial cost of investment in subsidiaries, joint ventures, and associates in single-entity financial statements for which IFRS adopted for the first time. The obligatory application starting from financial year 2009 does not have an impact on the accounting policies of the Group.
- Changes to IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”: The changes are effective for financial years beginning after June 30, 2009 and contain the treatment of non-controlling interests. As mentioned before these changes were applied ex ante in the consolidated financial statements at December 31, 2008 and the interim financial reporting at March 31, 2009.
- IFRS 8 “Operating Segments”: The Standard, which was published by the IASB in November 2006 and endorsed by the EU by resolution of November 14, 2007, prescribes the application of the “management approach” for reporting the economic performance of operating segments. Accordingly, operating segments are components of a company whose operating results are reviewed regularly by the company’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The segment information reported should correspond to the company’s internal reporting system. According to the Group’s assessment, the operating segments according to IFRS 8 should be essentially the same as the business segments identified in accordance with IAS 14. The effects of this Standard on the other segment disclosures have not yet been finally determined. As the Standard addresses disclosure requirements only, the application of this Standard does not have any effects on the Group’s assets and liabilities, financial position and operating performance in financial year 2009.
- IAS 1 “Presentation of the Financial Statements”: The amended Standard was published in September 2007 and must be applied for the first time in financial years that begin on or after January 1, 2009. It did not impact the quarterly financial statements, because the statement of changes in consolidated equity from the financial year 2009 had a corresponding presentation.
- IAS 23 “Borrowing Costs”: The revised Standard was published in March 2007 and must be applied in financial years that begin on or after January 1, 2009. The revised version of IAS 23 eliminates the option of immediately expensing borrowing costs for qualifying assets, requiring instead that such borrowing costs have to be capitalized. This change did not affect the quarterly financial statements.
- Changes to IAS 32 “Financial Instruments: Disclosure and Presentation”: changes were of IAS 32 were issued in February 2008 and is effective for financial years that begin on or after January 1, 2009. The first-time application of this Standard does not have any effects on the presentation of the assets and liabilities, financial position and operating performance of the Group.

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- IFRIC 13 “Customer Loyalty Programs”: This Interpretation was published in June 2007 and must be applied for the first time in financial years that begin on or after July 1, 2008. As the Group currently does not offer any customer loyalty programs, the first-time application of this Interpretation does not have any effects on the presentation of the assets and liabilities, financial position and operating performance of the Group.
- IFRIC 14 “IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”: Application of this Interpretation is mandatory for the first time in financial years that begin on or after January 1, 2008. As the Group has no excess of plan assets or plan obligation has not established any performance-oriented pension plans, the first-time application of this Interpretation have not any effects on the presentation of the assets and liabilities, financial position and operating performance of the Group.
- IFRIC 15 “Agreement of the Construction of Real Estate”: This interpretation becomes effective for financial years beginning on or after January 1, 2009. The interpretation will not have an impact on the interim consolidated financial statement.
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”: This interpretation becomes effective for financial years beginning on or after October 1, 2008. There is no effect on the interim consolidated financial statement.

3. NOTES TO THE INCOME STATEMENT

Revenues

For information regarding the split of revenues by product segments, please refer to the segment reporting. Information regarding the development of revenues is provided in the interim management report.

4. NOTES TO THE BALANCE SHEET

Property land and equipment

Additions to property land and equipment in the first half of 2009 result from investments in a CAHC production facility as well as in technical equipment and machinery within the business unit “Flame Retardants” and business division “Technical Ceramics”.

Equity

Please refer to the statement of changes in equity for the development of equity.

The minority interests consisted of the minority interests in the equity of Nashtec L.P. As amendments of IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”, both issued in 2008, were applied in the consolidated financial statements as of December 31, 2008, negative minority interests were presented in the Group’s income statement as well as in equity on the face of the balance sheet.

Current and non-current liabilities

Liabilities due to banks

Liabilities due to banks mainly comprise long-term loans with market interest rates. Fair value of the loans equals the carrying amounts. Long-term loans with an amount of EUR 12,000 thousand were borrowed in the first half 2009.

The loan agreements of Nabaltec AG are partly subject to covenants, which are partially based on leverage coverage ratios as well as based on the equity ratio. The loan creditor has the right in case of default of the covenants to increase interest margins or has the right to call given extraordinary notice. The default of covenants for the financial year 2008 had been resolved by the bank in 2009. A further probable default of covenants for the financial year 2009 had been discussed between the Management Board and the related bank. The Management Board expects based on current results no significant sanctions to be imposed by the bank.

5. OTHER DISCLOSURES

Other financial obligations

Contingent liabilities

At the balance sheet date, there were no significant contingent liabilities or pending litigation for which no provisions had been recognized

Related party transactions

The group of related parties remained unchanged compared to the consolidated financial statements for the year ended December 31, 2008.

There were no significant related party transactions in the first half of 2009. Transactions are conducted at arm's length prices and business terms.

Significant events after the balance sheet date

There were no significant events after the balance sheet date.

Schwandorf, 31 July 2009

The Management Board

FINANCIAL CALENDER

2 September 2009	Small Cap Conference, Frankfurt
24 November 2009	Interim Report 3/2009

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