Interim Report 3/2010

OUR KNOW-HOW FOR YOUR SAFETY

The First to Third Quarter of 2010 at a Glance

Key Figures Nabaltec Group

in EUR million	09/30/2010 (IFRS)	09/30/2009 (IFRS)	Change
Revenues			
Total revenues	**81.8**	53.1	54.0%
thereof:			
Functional Fillers	**54.8**	36.7	49.3%
Technical Ceramics	**27.0**	16.5	63.6%
Foreign share (%)	**68.9**	70.4	
Employees* (number of persons)	**371**	352	5.4%
Earnings			
EBITDA	**11.0**	3.1	254.8%
EBIT	**5.2**	–1.7	
Consolidated result after taxes**	**1.2**	–4.5	
Earnings per share (EUR)**	**0.15**	–0.56	
Financial position			
Cash flow from operating activities	**12.9**	1.6	706.3%
Cash flow from investing activities	**–4.7**	–16.1	70.8%
Assets, equity and liabilities	**09/30/2010**	12/31/2009	
Total assets	**136.8**	131.8	3.8%
Equity	**41.3**	40.0	3.3%
Non-current assets	**107.8**	108.7	–0.8%
Current assets	**29.0**	23.1	25.5%

* on the reporting date, including trainees
** after non-controlling interests

Course of business	Strategic developments
- Nabaltec's results in the third quarter were a seamless continuation of the successful second quarter of 2010, in which the company reported record revenues	- The new boehmite plant was completed as planned and went online in October
- Revenues in the "Functional Fillers" business division in the third quarter were almost as high as in the second quarter, despite the summer months, and up 32.9% over the third quarter of 2009	- R&D activities at the Kelheim testing facility were intensified
- Revenues in the "Technical Ceramics" business division set a new record in the third quarter, and were up 63.3% from the third quarter of 2009	- More flexibility for investment was created through a EUR 30 million bond issue

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TO OUR SHAREHOLDERS

Ladies and Gentlemen,

Nabaltec AG's growth continues unabated: nine months into 2010, we have already exceeded our total revenues for 2009 by 11.9%. Third-quarter revenues were nearly as high as in the record-breaking second quarter, despite the summer months. Revenues were up 42.0% in the third quarter and 54.0% in the first nine months of 2010, demonstrating the sustained nature of our revenue growth.

This sustained uptrend has been observed in the fourth quarter of 2010 as well, as the feedback which we received for our product solutions at the triennial K 2010 trade fair in Dusseldorf, the most important plastics trade show, was positive. We expect that our revenues for 2010 will be in the upper range of our revenue forecast of EUR 100-108 million, and our EBIT forecast of over EUR 6 million has been confirmed.

We have taken major steps to secure our future growth, focused primarily on growth in high-margin areas. Boehmite is still a small component of our product range, but it is a very important one strategically, as it gives us a product with a unique position on the world market currently, and which we can now begin supplying to the world's largest electronics companies, directly or indirectly. The fact that Nabaltec's boehmite is also used by major Korean and Japanese manufacturers underscores our technological leadership in this segment. We have succeeded in integrating our product into the production process and supply chains of major consumers, creating the groundwork for a stable and long-term supplier partnership, just because of the fact that approval procedures can often take a long time.

With the new boehmite plant in Schwandorf, we have now created a situation in which we can meet the growing global demand for boehmite at any time. The new plant went online in October. Another very important consequence of this development for us is that, with the start of production in Schwandorf, the R&D facility in Kelheim, which was until now used to manufacture boehmite, is now once again available for new development projects.

At the same time, we now have more financial flexibility to secure our growth, thanks to the EUR 30 million corporate bond issue which we conducted in October. The bond issue was fully placed after just four days. Since then, trading has been stable at prices above 100%, which we interpret as a strong vote of confidence by the capital market in the secure and lasting nature of Nabaltec's success.

The capital market has also begun to recognize Nabaltec's positive operational turnaround and its proven and sustained growth, if somewhat belatedly. This is evident from Nabaltec's share price trend in the third quarter: our share price in the first and second quarters was reflective of a stable but very cautious attitude, but Nabaltec's share price has now increased sharply, as Nabaltec's strong operational trend has gradually been reflected in its share price.

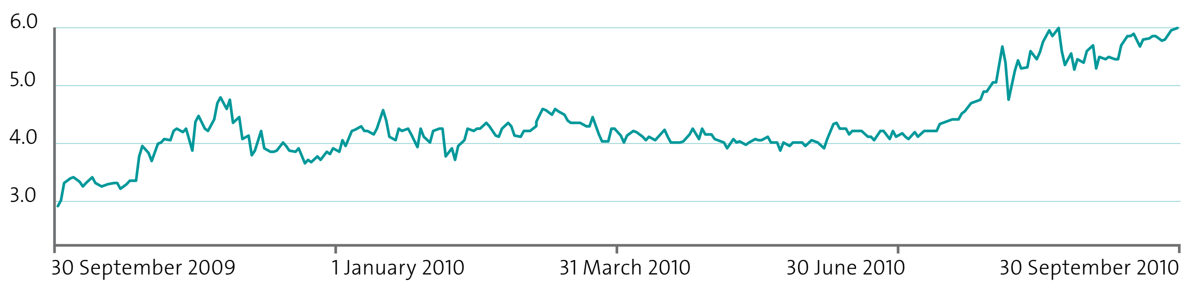
Yours,

Johannes Heckmann
Member of the Board

Gerhard Witzany
Member of the Board

Nabaltec Share

Performance of Nabaltec Share
(in EUR, XETRA)



Key Data for Nabaltec Share
(all data refer to XETRA)

	First 9 months of 2010	Year 2009
Number of shares	**8,000,000**	8,000,000
Market capitalization (cutoff date) in EUR million	**48.00**	30.72
Average price (in EUR)	**4.50**	2.48
Maximum price (in EUR)	**6.01**	4.80
Lowest price (in EUR)	**3.70**	1.10
Closing price (cutoff date, in EUR)	**6.00**	3.84
Average daily turnover (in shares)	**8,109**	4,817
Earnings per share* (in EUR)	**0.15**	−0.34

* after non-controlling interests

Nabaltec share is in a clear uptrend: on 30 September 2010, the share closed at EUR 6.00, near to its high for the first nine months of 2010 and up 56.3% from its closing price of 2009. By way of comparison, the SDAX was up 23.1% in the first nine months of 2010 and the specialty chemicals industry index was up 3.3%. After a solid first half-year, Nabaltec's share price has gathered considerable momentum, and was up 42.9% between July and September alone.

Nabaltec's average daily trading volume in XETRA trading was 8,109 from January to September 2010, up significantly from the year 2009, when the daily trading volume was 4,817 (up 68.3%).

Earnings per share was also up significantly through the end of September 2010, climbing from EUR −0.34 in 2009 to EUR −0.03 after the first three months of 2010 and EUR 0.06 after the first six months of 2010. Nine months into 2010, Nabaltec's EPS is now EUR 0.15. Analysts have noticed this trend, and VEM Aktienbank once again rated the share a "buy" in its analysis of 25 August 2010, while raising its price target from EUR 5.50 to EUR 7.60.

As of 30 September 2010, most of the 8,000,000 outstanding shares were still held by the Heckmann and Witzany families. The Heckmann family owns 32.9% of Nabaltec's capital stock, and the Witzany family holds 29.7%. The remaining shares are in free float.

Nabaltec's share has been listed in the Entry Standard segment of the Frankfurt Stock Exchange since 2006, and the company decided to launch its first corporate bond issue in October 2010. With a volume of EUR 30 million, the bond issue was successfully placed on the capital market just four days after the launch date (5 October 2010). The corporate bond is traded in the Bondm (mid-cap) segment of the Stuttgart Stock Exchange, and in other stock exchanges, in units of EUR 1,000.00, for the convenience of private investors. The corporate bond has a term of five years until 14 October 2015, and carries a fixed coupon rate of 6.50% per year. The amortization rate is 100%.

GROUP INTERIM MANAGEMENT REPORT

as of 30 September 2010

Course of business

Nabaltec AG was able to continue its outstanding performance in the last two quarters in the third quarter as well, recording the second-highest quarterly revenues in company history, as the lingering skepticism with respect to the future market trend which we saw over the course of the year in a few target sectors has largely given way to confidence in a sustained recovery.

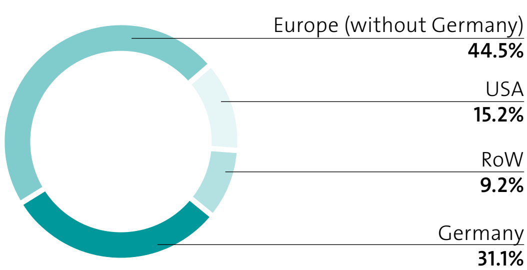
Despite the fact that the reporting period including the summer months, Nabaltec was nearly able to equal last quarter's record-breaking revenues. While revenues growth rate declined somewhat in the third quarter, this is attributable to the fact that revenues in the comparison quarter, the third quarter of 2009, were much stronger than in the two preceding quarters.

The course of business was entirely positive in all regions during the reporting quarter and for the first nine months of 2010. The sustained nature of this improvement is underscored by revenue growth in the third quarter: following upon a second quarter in which revenues were up 73.2%, to a record EUR 29.1 million, third-quarter revenues were nearly as high. Revenues from July to September came to EUR 28.4 million, up 42.0% from the year before, when third-quarter revenues were just EUR 20.0 million.

Revenues in the first nine months of 2010 were EUR 81.8 million, up 54.0% from the year before, in which revenues in the first nine months of the year were EUR 53.1 million. In other words, just nine months in the year, Nabaltec's revenues are already 11.9% higher than its revenues in all of 2009.

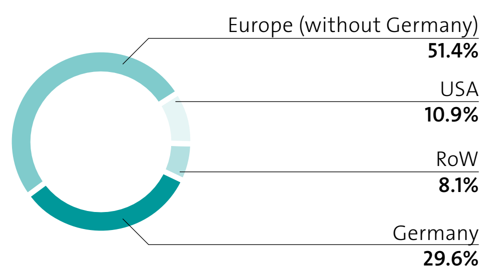
Revenues in the "Functional Fillers" business division were up 49.3% from the year before over the first nine months of the year, and revenues in the "Technical Ceramics" business division were up 64.6%. Revenues in the "Functional Fillers" business division increased from EUR 36.7 million to EUR 54.8 million, while revenues in the "Technical Ceramics" business division amounted to EUR 27.0 million in the first nine months of 2010, up from EUR 16.4 million the year before. Revenues in this business division were even higher than in the record-breaking second quarter: revenues in the "Technical Ceramics" business division were EUR 9.8 million in the reporting quarter, which is the highest in this segment in the history of Nabaltec AG.

First 9 months of 2010



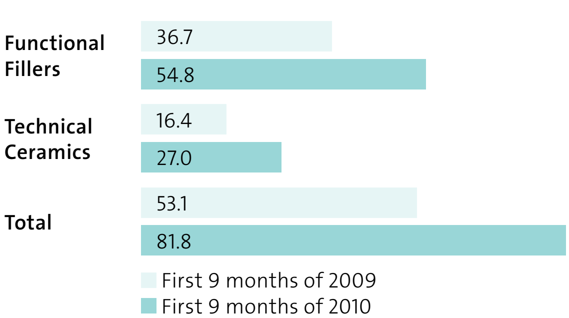
81.8 EUR million

First 9 months of 2009



53.1 EUR million

Revenues by business divisions
(EUR million)



Nabaltec was able to generate especially strong growth in the US and Asia regions in the first nine months of 2010, and US subsidiary Nashtec is now at the limits of its production capacity. Aside from a generally strong business environment, US and Asian revenues have been boosted considerably in the sphere of flame retardant fillers, where Nabaltec has increasingly succeeded in capturing additional revenues due to a change in the competitive environment.

Nabaltec's total performance increased by 64.8% in the first nine months of the year. Inventories have been remained constant this year, on balance, after the company cut inventories in the first nine months of 2009. Due to the strong growth in overall business volume, Nabaltec began to cautiously rebuild inventories in the third quarter.


Nabaltec
Nabaltec

The cost of materials ratio (cost of materials as a percentage of total performance) was 54.6% in the first nine months of 2010, a level which is consistent with a normal course of business without extraordinary effects. The ratio was 2.7 points lower in the first nine months of 2009. Nabaltec's gross profit margin (gross profit as a percentage of total performance) was 47.6% in the reporting period, somewhat lower than the year before, when the company's gross profit margin was 49.3%.

Personnel expenses increased to EUR 13.5 million in the first nine months of 2010, up from EUR 10.9 million the year before. Reasons for this increase include the decision to cut down on short-time working in the first quarter and phase it out entirely on 31 May 2010, as well as cancellation of the pay cut on 1 September 2010. Nabaltec also has 19 more employees than it had on 30 September 2009, an increase which is attributable to the partial hiring of trainees with temporary contracts, as well as the hiring of new commercial employees and the arrival of new trainees. The personnel expense ratio (personnel expenses as a percentage of total performance) improved considerably due to the company's strong revenue growth, falling from 21.9% to 16.5%.

Other operating expenses have been driven the whole year long by freight costs, which have increased along with sales. At the same time, the cost-cutting measures implemented in 2009 had a sustained impact in 2010 as well, and other operating expenses as a percentage of total performance fell from 21.1% the year before to 17.7%.

Earnings in the first nine months of 2010 were not affected by extraordinary factors and one-time effects.

Nabaltec's earnings before interest, taxes, depreciation and amortization (EBITDA) improved considerably in the first nine months of 2010, from EUR 3.1 million to EUR 11.0 million. This represents an EBITDA margin (EBITDA as a percentage of total performance) of 13.4%. EBITDA was EUR 3.7 million in the third quarter of 2010, up from EUR 2.0 million in the third quarter of last year. Both business divisions contributed to the earnings growth in proportion to their share of total revenues.

Consolidated EBIT was EUR 5.2 million after the first three quarters, for an EBIT margin (EBIT as a percentage of total performance) of 6.3%. In this area as well, results have followed a similar course as the year progressed: after a satisfactory first quarter, when the EBIT margin was 3.9%, Nabaltec's earnings power

improved considerably in the second quarter, posting an EBIT margin of 8.6%, followed by a 6.1% EBIT margin in the third quarter of 2010. Overall, third-quarter earnings were brought down by exchange rates, while second-quarter earnings were boosted by exchange rates to almost the same degree.

Net financial income (EUR –3.2 million) has developed as planned and reflects the current interest and amortization structure. Result from ordinary operations (EBT) was EUR 2.0 million in the first nine months of the year. In the second quarter, Nabaltec reported positive EBT for the first time since the financial crisis, and it did so once again in the third quarter. The sustained turnaround in earnings is reflected in consolidated result after taxes as well, which came to EUR 1.4 million after the first nine months of the year, for an earnings per share of EUR 0.15 for the first 9 months of 2010.

Nabaltec's cash flow from operating activities from January to September 2010 was EUR 12.9 million, EUR 11.3 million higher than the first nine months of 2009, when cash flow from operating activities was EUR 1.6 million. This significant increase in cash flow was due in part to the clear improvement in earnings. At the same time, though, cash flow from operating activities in the first nine months of 2009 was affected by a considerable outflow of cash as the company tried to reduce its trade payables and other liabilities. An extraordinary factor in the third quarter of 2010 was the deliberate build-up in inventories, which began in that quarter, after two quarters in which Nabaltec operated with very low inventories. Without this inventory build-up, in the amount of EUR 5.1 million, cash flow from operating activities in the first nine months of 2010 would have been correspondingly higher.

The outflow of cash for investments fell from EUR 16.1 million to EUR 4.7 million. Key investments in 2010 included construction of the new boehmite plant in Schwandorf, a project which was successfully concluded in October when the plant went online as planned.

The situation with respect to cash flow from financing activities was also completely altered in 2010. After a period in which the company took on debt in order to finance its investments, a phase which lasted through the end of 2009, the focus in the first three quarters of 2010 was on paying down loan principal and interest. As a result, cash flow from financing activities was EUR –5.9 million during that period, a figure which does not yet reflect the company's successful EUR 30 million bond issue, which was conducted in October 2010.

Nabaltec Group had EUR 2.8 million in cash and cash equivalents as of 30 September 2010.

The structure of Nabaltec Group's balance sheet has changed little since 31 December 2009. Total assets have increased by 3.8%, fixed assets have remained largely stable since the conclusion of the company's major investment projects and scheduled depreciation was slightly higher than new investments in 2010.

The more significant changes were in connection with current assets, which increased by EUR 5.9 million relative to 31 December 2009, or 25.5%. This increase was attributable to the growth in liquid funds, as well as an increase in trade receivables. Through the end of the second quarter, this development was partially overshadowed by the reduction in inventories, but in the third quarter of 2010 Nabaltec began to deliberately rebuild its inventories. Nabaltec will continue to manage its inventories very tightly depending on supplier prices so as to ensure that products can be delivered at all times and so as to take advantage of opportunities in the commodities market.

On the liabilities side of the balance sheet, Nabaltec's equity ratio remained nearly constant at 30.2% (31 December 2009: 30.3%). The reason why the company's earnings growth has not yet translated into an improved equity ratio is that its balance sheet has been lengthened by nearly the same amount. Non-current liabilities have decreased as the company has made scheduled amortization payments, and since debts formerly classified as non-current liabilities are now classified as current liabilities due to a reduction in their residual term.

Employees

As of the reporting date, 30 September 2010, Nabaltec Group had 371 employees, including trainees. At the same time last year, the Group had 352 employees. This increase in the number of employees by 19 is attributable to the partial hiring of trainees with temporary contracts, the hiring of new commercial employees and the arrival of new trainees. The trainee ratio increased from 10.8% to 12.9%.

Subsequent events

In October 2010, Nabaltec AG launched a corporate bond issue with a total volume of EUR 30 million. The bond has a term of five years, expiring on 14 October 2015 and features an amortization rate of 100% and an annual coupon rate of 6.50%.

Risk report

In the first nine months of 2010, there were no significant changes to the risk situation described in the 2009 Group management report.

Outlook

In some of Nabaltec's direct and indirect target markets, there was some uncertainty in 2010 as to the sustainability of the economic recovery, as some sectors feared that the economy would weaken once again at mid-year. However, these fears appear not to have materialized and basic parameters in Nabaltec's key target markets have continued to improve. The economic uncertainty in the US has not yet had a negative impact.

Nabaltec expects positively developing demands for its products to grow thanks to a number of fundamental trends, such as environmental regulations, stricter safety standards and the need for customers to make constant improvements to their processes. As things stand, revenues will bounce back from their slump in 2009 to break the record set in 2008 and return to their long-term growth trend.

The goal is revenues of EUR 100 – 108 million, and it seems that Nabaltec's revenues will fall in the upper edge of that range. Nabaltec is also certainly very optimistic when it comes to earnings. The earnings forecast for 2010 had been raised from the mere prospect of a positive operating profit to an EBIT forecast of more than EUR 3 million to a consolidated operating profit (EBIT) in accordance with IFRS of at least EUR 6 million. Accordingly, Nabaltec's 2010 consolidated result after taxes should be back in the black.

Nabaltec's US subsidiary Nashtec is at the limits of its production capacity, and additional measures are now being taken to increase capacity. Nabaltec also has the option of meeting demand in the US and Asia by increasing deliveries from Germany, but this would have the effect of increasing dependence on exchange rates somewhat.

Market conditions for a positive business development are right in all of Nabaltec's product segments. For example, recent market studies from Frost & Sullivan project that the halogen-free flame retardant market, Nabaltec's highest-revenue segment, will grow at a rate of 8.1% a year through 2014. Nabaltec plans to generate above-average growth in this market by replacing the heavy metal-based flame retardants which are still in use with halogen-free, eco-friendly products and by taking market share away from competitors thanks to its

high-quality and innovative products. In the market for technical ceramics and refractory products as well, the company expects to see growth in 2010 following a period of stabilization.

A major goal for 2010 is transforming the outstanding demand for Nabaltec's boehmite into a steadily growing business. Until now, the boehmite has been manufactured at the research and testing facility in Kelheim, and this production was consistently sold out. The preliminary signs are excellent for sustained and high-margin growth, as demand is coming primarily from three different areas: the electronics industry, energy storage and demand for use in catalysis processes. Now that the new boehmite plant, which will manufacture boehmite for use in polymers, went online in October, the groundwork has been laid for a rapid development of this product segment.

The build-up and expansion of Nabaltec's "Additives" business unit is also progressing gradually, but this project will require a medium to long-term perspective due to specific industry requirements, which necessitate lengthy approval procedures. Nabaltec sees strong growth opportunities for its "Additives" business, as the ongoing replacement of heavy metal-based stabilizers in PVC processing, a process which is driven by international regulations, will encourage the search for eco-friendly alternatives. The product family developed and patented by Nabaltec AG, which can take the place of toxic lead compounds in plastic mixtures and acts as a heat stabilizer, has successfully withstood numerous approval processes with future key customers. This potential revenue base will be gradually expanded in 2010 and 2011.

Otherwise, the statements made in the forecast report to the 2009 consolidated management report remain in effect.

Schwandorf, 12 November 2010

The Management Board

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 30 September 2010

Consolidated Statement of Comprehensive Income

for the period from 1 January 2010 through 30 September 2010

Consolidated Statement of Comprehensive Income				
in EUR 000	**01/01–09/30/2010**	**07/01–09/30/2010**	01/01 – 09/30/2009	07/01 – 09/30/2009
Revenue	**81,761**	**28,352**	53,119	20,011
Changes in unfinished and finished products	**7**	**1,039**	–4,312	–1,691
Other own services capitalized	**145**	**59**	865	366
Total performance	**81,913**	**29,450**	**49,672**	**18,686**
Other operating income	**1,831**	**362**	584	143
Cost of materials	**–44,707**	**–16,298**	–25,787	–9,616
Gross profit	**39,037**	**13,514**	**24,469**	**9,213**
Personnel expenses	**–13,484**	**–4,711**	–10,883	–3,529
Depreciation and amortization	**–5,824**	**–1,952**	–4,762	–1,653
Other operating expenses	**–14,525**	**–5,098**	–10,520	–3,726
Operating result (EBIT)	**5,204**	**1,753**	**–1,696**	**305**
Interest and similar income	**96**	**35**	86	29
Interest and similar expenses	**–3,316**	**–1,111**	–2,972	–979
Result from ordinary operations (EBT)	**1,984**	**677**	**–4,582**	**–645**
Income taxes	**–576**	**136**	–213	–147
Consolidated result after taxes	**1,408**	**813**	**–4,795**	**–792**
thereof attributable to				
Shareholders of the parent company	**1,191**	**718**	–4,458	–821
Non-controlling interests	**217**	**95**	–337	29
Consolidated result after taxes	**1,408**	**813**	**–4,795**	**–792**
Earnings per share (in EUR)	**0.15**	**0.09**	**–0.56**	**–0.10**

Consolidated Statement of Comprehensive Income				
in EUR 000	01/01–09/30/2010	07/01–09/30/2010	01/01 – 09/30/2009	07/01 – 09/30/2009
Consolidated result after taxes	**1,408**	**813**	**–4,795**	**–792**
Foreign Currency Translation (after taxes)	**18**	**–166**	–66	–57
Net Result from Hedge Accounting (after taxes)	**–215**	**38**	342	–16
Other result	**–197**	**–128**	**276**	**–73**
thereof attributable to				
Shareholders of the parent company	**122**	**–557**	–80	–193
Non-controlling interests	**–319**	**429**	356	120
Comprehensive income	**1,211**	**685**	**–4,519**	**–865**
thereof attributable to				
Shareholders of the parent company	**1,313**	**161**	–4,538	–1,014
Non-controlling interests	**–102**	**524**	19	149

Consolidated Balance Sheet

as of 30 September 2010

ASSETS

in EUR 000	09/30/2010	12/31/2009
Noncurrent assets	**107,834**	**108,702**
Intangible assets		
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	**210**	233
Property, plant and equipment	**107,624**	108,469
Land, leasehold rights and buildings on non-owned land	**30,293**	30,676
Technical equipment, plant and machinery	**73,208**	74,856
Other fixtures, fittings and equipment	**2,163**	2,239
Advance payments and plant and machinery under construction	**1,960**	698
Current assets	**28,974**	**23,109**
Inventories	**19,702**	19,213
Raw materials and supplies	**10,470**	10,180
Unfinished goods	**231**	187
Finished products and merchandise	**9,001**	8,846
Trade receivables and other assets	**6,441**	3,399
Trade receivables	**3,330**	499
Income tax claims	**157**	248
Other assets	**2,954**	2,652
Cash and cash equivalents	**2,831**	497
Total Assets	**136,808**	**131,811**

EQUITY & LIABILITIES

in EUR 000	09/30/2010	12/31/2009
Equity	**41,254**	**40,043**
Subscribed capital	**8,000**	8,000
Capital reserve	**29,764**	29,764
Earnings reserves	**9,711**	9,707
Profit/loss carried forward	**–2,572**	2,520
Consolidated result after taxes	**1,191**	–5,047
Accumulated other comprehensive result	**–776**	–898
Non-controlling interests	**–4,064**	–4,003
Noncurrent liabilities	**62,829**	**68,266**
Pension provisions	**11,656**	11,078
Payables to banks	**41,297**	47,197
Profit participation capital	**4,945**	4,927
Liabilities from finance lease	**0**	319
Deferred tax liabilities	**2,649**	2,076
Other liabilities	**2,282**	2,669
Current liabilities	**32,725**	**23,502**
Income tax payable	**379**	480
Other provisions	**779**	868
Payables to banks	**7,492**	4,737
Trade payables	**10,984**	6,066
Liabilities from finance lease	**589**	958
Other liabilities	**12,502**	10,393
Total equity & liabilities	**136,808**	**131,811**

Consolidated Cash Flow Statement

for the period from 1 January 2010 to 30 September 2010

in EUR 000		01/01 – 09/30/2010	01/01 – 09/30/2009
Cash flow from operating activities			
Period profit before taxes		**1,984**	**–4,582**
+	Depreciation and amortization	**5,824**	4,762
–/+	Gain/loss from asset disposals	**10**	1
–	Interest income	**–96**	–86
+	Interest expenses	**3,316**	2,972
Operating profit before working capital changes		**11,038**	**3,067**
+/–	Increase/decrease in provisions	**490**	369
–/+	Increase/decrease in trade receivables and other assets not attributable to investing or financing activity	**–3,134**	–987
+/–	Decrease/increase in inventories	**–489**	9,636
+/–	Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity	**5,054**	–9,923
Cash flow from operating activities before taxes		**12,959**	**2,162**
–	Income taxes paid	**–13**	–600
Cash flow from operating activities		**12,946**	**1,562**

in EUR 000		01/01 – 09/30/2010	01/01 – 09/30/2009
Cash flow from investing activities			
+	Cash received from disposals of property, plant and equipment	**0**	3
–	Cash paid for purchases in property, plant and equipment	**–4,702**	–16,192
+	Cash received from returning intangible assets	**0**	73
–	Cash paid for investments in intangible assets	**–21**	–5
Cash flow from investing activities		**–4,723**	**–16,121**
Cash flow from financing activities			
+	Cash received from financial loans	**0**	22,699
–	Cash rendered for payment of financial loans	**–2,171**	–2,646
–	Cash rendered for liabilities from finance lease	**–688**	–824
–	Interest paid	**–3,120**	–2,935
+	Interest received	**96**	86
Cash flow from financing activities		**–5,883**	**16,380**
Net change in cash and cash equivalents		**2,340**	**1,821**
Effects of exchange rate changes on the balance of cash held in foreign currencies		**–6**	–23
Cash and cash equivalents at the beginning of the year		**497**	1,942
Cash and cash equivalents at the end of the year		**2,831**	**3,740**

Consolidated Statement of Changes in Equity

for the period from 1 January 2010 to 30 September 2010

	Equity attributable to shareholders of Nabaltec AG		
in EUR 000	Subscribed Capital	Capital reserve	Earnings reserves
Balance per 01/01/2009	**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 after taxes			
Consolidated profit for the period			
Balance per 09/30/2009	**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 after taxes			
Consolidated profit for the period			
Balance per 12/31/2009	**8,000**	**29,764**	**9,707**
Consolidation adjustment Nashtec LLC *			**4**
Foreign currency translation			
Net gains from hedge accounting			
Profit/loss recognized directly in equity			
Profit/loss for the period after taxes			
Consolidated profit for the period			
Balance per 09/30/2010	**8,000**	**29,764**	**9,711**

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

Profit carried forward	Accumulated other comprehensive result	Total	Non-controlling interests	Consolidated equity
2,520	**–934**	**49,057**	**–4,006**	**45,051**
	–252	**–252**	186	**–66**
	172	**172**	170	**342**
	–80	**–80**	356	**276**
–4,458		**–4,458**	–337	**–4,795**
–4,458	**–80**	**–4,538**	**19**	**–4,519**
–1,938	**–1,014**	**44,519**	**–3,987**	**40,532**
	77	**77**	–73	**4**
	39	**39**	38	**77**
	116	**116**	–35	**81**
–589		**–589**	19	**–570**
–589	**116**	**–473**	**–16**	**–489**
–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**
1,191	**122**	**1,313**	**–102**	**1,211**
–1,381	**–776**	**45,318**	**–4,064**	**41,254**

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 cable & wire 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 2010 to 30 September 2010

in EUR 000	Functional Fillers		Technical Ceramics		Nabaltec Group	
	01/01–09/30/2010	07/01–09/30/2010	01/01–09/30/2010	07/01–09/30/2010	01/01–09/30/2010	07/01–09/30/2010
Revenues						
Third party revenue	54,761	18,567	27,000	9,785	81,761	28,352
Segment result						
EBITDA	7,097	2,298	3,931	1,407	11,028	3,705
EBIT	2,884	891	2,320	862	5,204	1,753

Period from 1 January 2009 to 30 September 2009

in EUR 000	Functional Fillers		Technical Ceramics		Nabaltec Group	
	01/01–09/30/2009	07/01–09/30/2009	01/01–09/30/2009	07/01–09/30/2009	01/01–09/30/2009	07/01–09/30/2009
Revenues						
Third party revenue	36,668	13,995	16,451	6,016	53,119	20,011
Segment result						
EBITDA	2,554	1,531	512	427	3,066	1,958
EBIT	–665	404	–1,031	–99	–1,696	305

Abridged Consolidated Notes to the Interim Report

from 1 January 2010 to 30 September 2010

1. General information

Nabaltec, based 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 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, in particular on the basis of aluminum hydroxide ('ATH') and aluminum oxide.

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

2. Basis of preparation

The consolidated financial statements of Nabaltec AG as at 30 September 2010 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.

Published in 2008, though first ratified by the European Union on 12 June 2009, IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements under IFRS" were already applied to the consolidated financial statements as at 31 December 2008 and to the interim financial statements as of 31 March 2009, because an endorsement from the EU was already anticipated at the time these financial statements were prepared.

The interim financial statements of Nabaltec AG for the period from 1 January to 30 September 2010 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 2009.

The interim financial statements encompass the period from 1 January 2010 to 30 September 2010.

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

The presentation in the balance sheet differentiates between current and noncurrent 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 consolidation group of Nabaltec AG as at 30 September 2010 did not change compared to the consolidated financial statements as at 31 December 2009 or the third quarter of financial year 2009. The consolidated financial statements encompasses the financial statements of Nabaltec AG, Schwandorf, as parent company and its subsidiary Nashtec LLC, Texas (USA), formerly "Nashtec L.P.", Corpus Christi (USA). Nashtec L.P. was founded as a joint venture with Sherwin Alumina in 2005. The Nashtec Management Corporation was not included in the consolidated financial statements for lack of materiality.

[1] Nabaltec AG, Alustr. 50 – 52, 92421 Schwandorf, Germany

Nabaltec AG previously held 51% in Nashtec Management Corp. and 51% (directly 50.49% and indirectly via Nashtec Management Corp., which held 1% of the shares as general partner) in Nashtec L.P. as part of a joint venture. This corporate structure was changed as at 1 January 2010. Nashtec Management Corp. was dissolved, Nashtec L.P. was transformed into an LLC, so that Nabaltec AG now directly holds 51% and Sherwin Alumina LLC directly 49% in Nashtec LLC.

New accounting provisions

All accounting and valuation methods used in the preparation of the abridged financial statements correspond to the methods applied to the most recent consolidated financial statements as at 31 December 2009. The following standards and interpretations were required to be applied for the first time to the interim financial statements:

- IFRS 1 “First-time Adoption of IFRS”: The amendments deal exclusively with the formal structure of IFRS 1. The general regulations were separated from the specific regulations of the standard. The new structure will improve the clarity and application of IFRS 1. The revised IFRS 1 is applicable to annual periods beginning on or after 1 January 2010. The amended standard does not affect the amounts reported in the quarterly financial statements.

- IFRS 1 “First-time Adoption of IFRS”: The amendments relate to the retroactive application of IFRS in special situations and are intended to assure that enterprises do not incur disproportionately high costs. The amendments were initially applicable to annual periods beginning on or after 1 January 2010. They did not affect the quarterly financial statements.

- IFRS 3 “Business Combinations”: For the treatment of minority shares, the revised IFRS 3 provides an option to valuate shares at the attributable current market value or the identifiable prorated net asset value. For business acquisitions achieved in stages, existing shares in the acquired business are revaluated with an effect on income as at the date of the acquisition of control. The amendments were initially required to be applied to annual periods beginning on or after 1 July 2009. This standard was previously applied as at 31 December 2008.

- IAS 27 “Consolidated and Separated Financial Statements under IFRS”: Dividends of jointly managed enterprises, associated enterprises and subsidiaries are to be encompassed in the income statement in the future irrespective of the dividends distributed from results prior to the acquisition date. If the dividends distributed in one year exceed the total results of the year, an impairment test might be necessary. The amendments were initially applicable to annual periods beginning on or after 1 July 2009. This standard was already applied as at 31 December 2008.

- IAS 39 “Financial Instruments: Recognition and Measurement” and IFRIC 9 “Reassessment of Embedded Derivatives”: The amendments clarify the recognition of embedded derivatives in the case of a reclassification of hybrid financial instruments from the “Fair Value through Profit and Loss” category. The amendments were initially applicable to annual periods beginning on or after 30 June 2009. They did not affect the quarterly financial statements.

- IAS 39 “Financial Instruments: Recognition and Measurement”: The amendments clarify two hedge accounting issues: the inflation risk of a hedged financial item and the unilateral risk of a hedged item. The amendments were initially applicable to annual periods beginning on or after 1 July 2009. They did not affect the quarterly financial statements.

- IFRIC 16 “Hedges of Net Investment in a Foreign Operation”: The interpretation clarifies two issues arising from IAS 21 “Effects of Changes in Foreign Exchange Rates” and IAS 39 “Financial

Instruments: Recognition and Measurement" in connection with the recognition of hedging foreign currency risks within a company and its foreign operations. IFRIC 16 was initially applicable to annual periods beginning on or after 1 July 2009. They did not affect the quarterly financial statements.

- IFRIC 17 "Distributions of Non-cash Assets to Owners": This interpretation addresses how an entity should measure distributions of assets other than cash when it pays dividends to its owners. IFRIC 17 was initially applicable to annual periods beginning on or after 1 October 2009. They did not affect the quarterly financial statements.

- IFRIC 18 "Transfers of Assets from Customers": IFRIC 18 applies to utility entities (e.g. energy providers). The interpretation clarifies the requirements for agreements in which an entity receives assets from a customer and must use them to connect the customer to a network or to provide the customer with ongoing access to a supplier of goods or services (e.g. energy, gas or water). IFRIC 18 was initially applicable to transfers of assets that took place on or after 1 July 2009. It did not affect the quarterly financial statements.

- Annual Improvement Process (AIP) Project encompassing the amendment of various IFRSs from 2007 to 2009 ("Improvements to IFRS"): In April 2009, IASB published the "Annual Improvements 2007-2009," amending 10 IFRSs and two IFRIC interpretations. Most of the amendments took effect for the reporting years beginning on or after 1 January 2010. They did not affect the quarterly financial statements.

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 balance sheet

Property, plant and equipment

In the first nine months of 2010, additions to property, plant and equipment resulted from investments in the CAHC production facility and in technical equipment, plant and machinery in the business unit "Flame Retardants" and business division "Technical Ceramics".

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), formerly "Nashtec L.P.". Because IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements under IFRS," which were amended in 2008, were previously applied in the consolidated financial statements as at 31 December 2008, negative minority shares were disclosed in both the consolidated statement of comprehensive income and in the shareholders' equity.

We refer to the statements under "Consolidation group" with respect to the changes relating to other shareholders.

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.

The credit agreements of Nabaltec AG are subject in part to covenants measured in part on leverage coverage ratios and the equity ratio. In the event of non-compliance with the covenants, the lender has the option to increase the interest-rate margin or to terminate the agreement for extraordinary cause. Covenants were breached in the 2009 reporting period. The default of covenants for the financial year 2009 had been resolved by a bank collateral pool.

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 2009.

No transactions with related persons or enterprises took place in the first nine months of 2010. Such transactions are conducted at standard market prices and conditions.

Significant events after the balance sheet date

On 8 October 2010, Nabaltec AG successfully placed its first corporate bond, with a volume of EUR 30 million. The bond has a term of five years, till 14 October 2015, and carries a fixed coupon rate of 6.50 percent per year. The amortization rate is 100%. Investors can trade the bond through the Bondm (mid-cap) segment of the Stuttgart Stock Exchange in units of EUR thousands.

The proceeds from the bond issue are to be used primarily to increase production capacity for existing, high added-value product groups and to build up production capacity for newly launched products.

Schwandorf, 12 November 2010

The Management Board

Financial Calendar

19 April 2011	Annual Report 2010
31 May 2011	Interim Report 1/2011
9 June 2011	Annual General Meeting
23 August 2011	Interim Report 2/2011
15 October 2011	Corporate bond: annual interest payment
29 November 2011	Interim Report 3/2011

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