



Interim Report 2/2011

OUR KNOW-HOW FOR YOUR SAFETY

Key figures Nabaltec Group

as of 30 June 2011

in EUR million	06/30/2011 (IFRS)	06/30/2010 (IFRS)	Change
Revenues			
Total revenues	70.1	53.4	31.3%
thereof:			
Functional Fillers	47.6	36.2	31.5%
Technical Ceramics	22.5	17.2	30.8%
Foreign share (%)	70.2	69.5	
Employees* (number of persons)	388	349	11.2%
Earnings			
EBITDA	12.4	7.3	69.9%
EBIT	8.4	3.5	140.0%
Consolidated result after taxes**	3.5	0.5	600.0%
Earnings per share (EUR)**	0.43	0.06	616.7%
Financial position			
Cash flow from operating activities	11.9	11.6	2.6%
Cash flow from investing activities	-5.7	-2.8	103.6%
Assets, equity and liabilities	06/30/2011	12/31/2010	
Total assets	167.4	166.0	0.8%
Equity	46.1	42.1	9.5%
Non-current assets	110.2	110.6	-0.4%
Current assets	57.2	55.4	3.2%

* on the reporting date, including trainees

** after non-controlling interests

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TO OUR SHAREHOLDERS



Ladies and Gentlemen,

In the second quarter of 2011 we were able to tie into the previous quarters' excellent growth. The revenue of EUR 34.8 million represents the second highest quarterly revenue in the company's history.

The high quality and sustainability of this growth become clear when compared to the same quarter from the previous year. By the second quarter of 2010, we had again reached the pre-crisis level, attaining at that time the highest figure in Nabaltec's history with revenue of EUR 29.1 million. Compared to that record level, we have now been able to increase revenue once again by 19.6%, with earnings before interest and taxes (EBIT) improving disproportionately from EUR 2.5 to 4.5 million or by 80.0%.

Even at this high level, the second quarter 2011 is also showing a slight easing in demand. The quarter-on-quarter growth rates were so strong in the past more than 12 months that the market has reorganized around these levels. Revenues in the first and second quarters of 2011 were therefore on nearly the same high value. We reached the limits of capacity in some segments (in the US, for instance), while we still possess solid growth possibilities in others. We are now working at full speed to implement unused potential in our production and added-value chain and to pave the way for further growth through targeted, expansion-related investments.

Growth is intact and gaining steam in our two new and innovative product segments, additives and boehmite, whether as substitutes of heavy metal-containing additives in PVC production, in semiconductor production or in other applications. The foundation for long-term, dynamic growth has been laid: We have successfully passed the sometimes lengthy approval procedures demanded by some renowned manufacturers. At the same time, we have a long way to go before we exhaust all the potential new applications through further development of our formulas.

Nabaltec AG's growth is supported by stable price trends on the sales markets. The share in high-added-value products is also increasing so that in the second quarter we were able to again surpass the previous quarter's record earnings.

All discussions with customers and market participants indicate that we can expect an animation in demand after the summer break. Thanks to this good news, we can also again confirm our forecast for the year as a whole. For 2011 we anticipate revenues to increase to at least EUR 135 million, corresponding to a gain in revenue of 20% over 2010 at EUR 112.7 million. For EBIT, we estimate disproportional growth in 2011 to more than EUR 12 million. In comparison, 2010 EBIT managed to be improved to EUR 6.5 million, after EUR -2.7 million the year before.

We can be satisfied with the growth in revenue and earnings. We are thus all-the-more pleased that we were selected in 2011 for the fifth time as one of the 100 most innovative small and mid-sized businesses in Germany, a special award for Nabaltec AG and its employees who are the basis of its innovative strength. In this respect, too, we are in the fortunate position to be able to continually further develop our team. The frequently reported dearth of skilled labor has not had any effect on us - likely because we have deliberately promoted a high trainee rate for many years, our employees are constantly obtaining new qualifications and up to date we have always been in a position to attract highly-qualified external workers as well.

We are taking the recent TOP 100 award and the trust of our customers evident in the course of our business as additional incentive to constantly improve ourselves and to move forward on our growth path through innovation, special quality and reliability.

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)

	H1/2011	2010
Number of shares	8,000,000	8,000,000
Market capitalization (cutoff date, in EUR million)	89.60	56.80
Average price (in EUR)	8.93	5.15
High (in EUR)	13.00	7.78
Low (in EUR)	6.60	3.70
Closing price (cutoff date, in EUR)	11.20	7.10
Average daily turnover (in shares)	12.559	8.648
Earnings per share* (in EUR)	0.43	0.22

* after non-controlling interests

Nabaltec share continued its highly positive performance from the first quarter of 2011 uninterrupted, closing the second quarter up 43.6% and the first half up 57.7%. Nabaltec share thus performed better than the relevant indices, the SDAX (4.7%) and the specialty chemicals sector index (10.9%). After a low of EUR 6.60 at the end of February, the price nearly only gained until reaching its high of EUR 13.00 in mid-June. The price thus mirrored the

performance of the operative business, which has moved at a high level again since the second quarter of 2010, performing very positively particularly in the fourth quarter of 2010 and the first quarter of 2011. In the second half of June, the share price declined slightly to EUR 11.20 at the close of the reporting period. The average daily trading volume in XETRA from January to June 2011 was 12,559 shares.

Earnings per share after non-controlling interests amounted to EUR 0.23 in the second quarter. After EUR 0.20 in the previous quarter, an EPS of EUR 0.43 thus results for the first half. By comparison, earnings per share were EUR 0.06 in the first half of 2010.

This clear improvement in earnings has been recognized by analysts in their reports. VEM Aktienbank rated Nabaltec share a „buy“ and raised its price target from EUR 12.00 to EUR 15.00 on 10 June 2011. In its current report of 25 July 2011, Hauck & Aufhäuser maintained its „buy“ recommendation, adhering to a price target of EUR 17.10.

At the annual meeting on 9 June 2011, the forecast for financial year 2011 was released. Revenue is expected to increase in 2011 to over EUR 135 million, corresponding to revenue growth of at least 20% over 2010 revenue of EUR 112.7 million. Nabaltec had previously assumed a revenue increase in the low two-digit

percentage range. Regarding EBIT, Nabaltec forecasts disproportional growth to more than EUR 12 million in 2011 (EUR 6.5 million in the previous year).

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 holding 32.5% and the Witzany family 29.8% of the capital stock. The residual shares (37.7%) are in free float.

Nabaltec AG's corporate bond, which is listed on the Bondm (mid-cap) segment of the Stuttgart Stock Exchange, was stable at above 100 in the first 6 months of 2011, closing the second quarter at a price of 102.55. The first coupon payments will be made on 15 October 2011.

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 June 2011





Course of business

Nabaltec AG continued its growth in the second quarter of 2011, as all product segments were up from the second quarter of last year. The reporting quarter once again saw record values in total performance and earnings, as the growth spurt which began at the start of 2010 continued.

Consolidated revenues were up 19.6% in the second quarter of 2011, from EUR 29.1 million to EUR 34.8 million. In addition to sustained demand growth, the positive revenue trend is attributable to the Nabaltec's continuing development of high added-value products. As a result, revenues in the second quarter nearly matched the record of EUR 35.3 million set in the first quarter of 2011.

Revenues increased from EUR 53.4 million in the first six months of 2010 to EUR 70.1 million in the first half of 2011, for a growth rate of 31.3%.

Both business divisions posted growth over the same period of last year, with revenues in the „Functional Fillers“ division up 19.4% in the second quarter and revenues in the „Technical Ceramics“ division up 21.3%. The worldwide growth trend in both divisions remained intact and sustainable stable.

Over the first six months of the year, revenues in the „Functional Fillers“ division came to EUR 47.6 million, up 31.5% from the first half of 2010, when revenues were EUR 36.2 million. This growth was driven above all by the outstanding 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 increased by EUR 5.3 million to EUR 22.5 million in the first half of the year, as this division continued its strong growth.

From a regional perspective, growth was very broad-based and sustained, particularly in Europe. Revenues in both divisions continued to grow in the first half of 2011 in all regions.

Nabaltec's total performance was up 37.7% in the reporting period, to EUR 72.3 million. This can be attributed to the strong revenue growth in the first six months of 2011 as well as an increase in inventories of finished and unfinished products by around EUR 2.0 million. Inventories decreased in the same period of last year.

Cost of materials in the first six months of 2011 came to 51.7% of total performance. The cost of materials ratio was 54.1% last year. This improvement



is attributable to a relative increase in high added-value products. Nabaltec's gross profit margin in the first half of the year was 49.0%, slightly higher than the value of 48.6% in the first half of last year (as a percentage of total performance).

Personnel expenses increased from EUR 8.8 million to EUR 10.7 million in the first half of the year. The figure for the first half of last year reflects the impact of the reduction in working hours and salaries and wages. The personnel expense ratio (as a percentage of total performance) improved sharply as a result of the very strong revenue trend, from 16.8% to 14.8%, as the number of employees increased from 349 to 388.

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 17.9% to 16.9% relative to the first half of last year.

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

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from EUR 7.3 million

in the first half of 2010 to EUR 12.4 million in the reporting period, and Nabaltec's EBITDA margin (EBITDA as a percentage of total performance) increased from 13.9% to 17.2%. As was the case for revenues, earnings were once again very strong in both divisions, in terms of both EBITDA and operating result (EBIT). Consolidated EBIT after six months amounted to EUR 8.4 million, up from EUR 3.5 million in the same period of last year. The EBIT margin increased significantly, from 6.7% to 11.6% (EBIT as a percentage of total performance). The particularly strong improvement in operating profit 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 financial result 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, financial result changed from EUR -2.1 million to EUR -3.3 million.

Earnings before taxes improved considerably, from EUR 1.3 million to EUR 5.2 million. After taxes and non-controlling interests, consolidated result after taxes for



the first six months of the year were EUR 3.5 million, and earnings per share were EUR 0.43, up from EUR 0.06 in the same period of last year.

Nabaltec had a net cash flow from operating activity of EUR 11.9 million in the first half of 2011. Operating cash flow in the first half of last year was just EUR 11.6 million. This increase was attributable above all to the improvement in earnings. The cash outflow for investments was EUR 5.7 million, higher than the year before, when the outflow was EUR 2.8 million. The focus of investment activity was on measures to further optimize processes in all areas. Net cash flow from financing activity was affected above all by the increased amortization of long-term financial debt relative to the first half of last year. As a result, the outflow from financing activity increased from EUR 3.9 million to EUR 6.2 million.

Nabaltec Group's cash and cash equivalents amounted to EUR 18.8 million on 30 June 2011.

Nabaltec Group's balance sheet shows only slight changes relative to its position on 31 December 2010. Total assets have increased slightly, by 0.8%, from EUR 166.0 million to EUR 167.4 million. Non-current assets decreased slightly in the first half of 2011, by 0.4%,

while current assets increased by 3.2%, due primarily to an increase in trade receivables. Net inventories remained nearly unchanged.

On the liabilities side of the balance sheet, Nabaltec's equity ratio increased from 25.4% on 31 December 2010 to 27.5% on 30 June 2011. Non-current liabilities decreased in line with the scheduled amortization payment at the end of the reporting period, while current liabilities increased slightly as a result of an increase in other liabilities.

Employees

As of the reporting date, 30 June 2011, Nabaltec Group had 388 employees, including trainees. On the same date last year, the Group had 349 employees. The trainee ratio increased from 10.6% to 11.3%.

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 half of 2011, there were no significant changes to the risk situation described in the 2010 consolidated management report.



Outlook

Nabaltec expects its revenue to grow to over EUR 135 million for 2011 as a whole. This would represent revenue growth of at least 20% over 2010, when revenues were EUR 112.7 million. At the end of 2010 and at the end of the first quarter of 2011, Nabaltec had projected revenue growth to be in the low double digits.

Nabaltec expects its EBIT to improve at a much faster pace than revenues, to more than EUR 12 million. By comparison, Nabaltec's EBIT in 2010 came to EUR 6.5 million, up from EUR -2.7 million the year before.

Revenue growth will be concentrated in the „Functional Fillers“ division. Continuing to develop the new product segments, additives and boehmite, will be a central task, and revenues in the „Technical Ceramics“ division are also expected to grow.

Orders on hand decreased from EUR 53.3 million at the end of last year to EUR 44.1 million on 30 June 2011. This was primarily attributable to the decrease in orders on hand from annual contracts. By comparison, orders on hand as of 30 June 2010 were at just EUR 17.2 million. Furthermore, many market operators project that orders will go back up at the end of the third quarter and in the fourth quarter of 2011.

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 a 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.). The refractory market for specialty oxides and reactive aluminum oxides is determined by demand in the steel industry. Market experts estimate an annual growth rate of 5% through 2012 for refractory products and around 3% for technical ceramics.

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. This will allow Nabaltec to grow at a substantially faster pace than the market and the industry in 2011 as well.

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

Schwandorf, 12 August 2011

The Management Board

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 30 June 2011





Consolidated statement of comprehensive income

for the period from 1 January 2011 through 30 June 2011

in EUR '000	01/01/ – 06/30/2011	04/01/ – 06/30/2011	01/01/ – 06/30/2010	04/01/ – 06/30/2010
Revenue	70,090	34,782	53,409	29,059
Changes in unfinished and finished products	1,975	1,835	-1,032	97
Other own services capitalized	198	133	86	53
Total performance	72,263	36,750	52,463	29,209
Other operating income	516	303	1,469	878
Cost of materials	-37,411	-18,984	-28,409	-15,833
Gross profit	35,368	18,069	25,523	14,254
Personnel expenses	-10,713	-5,464	-8,773	-4,562
Depreciation and amortization	-3,994	-2,006	-3,872	-1,957
Other operating expenses	-12,223	-6,091	-9,427	-5,209
Operating result (EBIT)	8,438	4,508	3,451	2,526
Interest and similar income	287	148	61	31
Interest and similar expenses	-3,575	-1,788	-2,205	-1,084
Result from ordinary operations (EBT)	5,150	2,868	1,307	1,473
Income taxes	-1,152	-742	-712	-576
Consolidated result after taxes	3,998	2,126	595	897
thereof attributable to				
Shareholders of the parent company	3,456	1,854	473	745
Non-controlling interests	542	272	122	152
Consolidated result after taxes	3,998	2,126	595	897
Earnings per share (in EUR)	0.43	0.23	0.06	0.09

in EUR '000	01/01/ – 06/30/2011	04/01/ – 06/30/2011	01/01/ – 06/30/2010	04/01/ – 06/30/2010
Consolidated result after taxes	3,998	2,126	595	897
Foreign Currency Translation (after taxes)	-182	-48	184	131
Net Result from Hedge Accounting (after taxes)	124	-4	-253	-175
Other result	-58	-52	-69	-44
thereof attributable to				
Shareholders of the parent company	-374	-108	679	407
Non-controlling interests	316	56	-748	-451
Comprehensive income	3,940	2,074	526	853
thereof attributable to				
Shareholders of the parent company	3,082	1,746	1,152	1,152
Non-controlling interests	858	328	-626	-299

Consolidated statement of financial position

as of 30 June 2011

ASSETS

in EUR '000	06/30/2011	12/31/2010
Non-current assets	110,209	110,559
Intangible assets		
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	260	216
Property, plant and equipment	108,825	109,033
Land, leasehold rights and buildings on non-owned land	29,177	30,132
Technical equipment, plant and machinery	72,467	73,107
Other fixtures, fittings and equipment	2,458	2,315
Advance payments and plant and machinery under construction	4,723	3,479
Deffered tax assets	1,124	1,310
Current assets	57,173	55,439
Inventories	21,344	21,415
Raw materials and supplies	10,484	12,546
Unfinished goods	312	393
Finished products and merchandise	10,548	8,476
Trade receivables and other assets	16,995	15,067
Trade receivables	3,484	1,612
Income tax claims	12	169
Other assets	13,499	13,286
Cash and cash equivalents	18,834	18,957
Total Assets	167,382	165,998

EQUITY & LIABILITIES

in EUR '000	06/30/2011	12/31/2010
Equity	46,077	42,137
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	3,456	1,779
Accumulated other comprehensive result	-950	-576
Non-controlling interests	-3,111	-3,969
Non-current liabilities	86,592	89,377
Retirement benefit obligation	13,524	13,053
Other provisions	354	354
Financial liabilities arising from corporate bonds	28,805	28,694
Payables to banks	35,310	39,609
Profit participation capital	4,963	4,951
Liabilities from finance lease	0	0
Deferred tax liabilities	3,636	2,716
Other liabilities	0	0
Current liabilities	34,713	34,484
Income tax payable	16	16
Other provisions	389	424
Payables to banks	7,852	8,332
Trade payables	10,669	11,244
Liabilities from finance lease	0	319
Other liabilities	15,787	14,149
Total equity & liabilities	167,382	165,998

Consolidated statement of cash flows

for the period from 1 January 2011 to 30 June 2011

in EUR '000	01/01/ – 06/30/2011	01/01/ – 06/30/2010
Cash flow from operating activities		
Period profit before taxes	5,150	1,307
+ Depreciation and amortization	3,994	3,872
-/+ Gain/loss from asset disposals	-1	0
- Interest income	-287	-61
+ Interest expenses	3,575	2,205
Operating profit before working capital changes	12,431	7,323
+/- Increase/decrease in provisions	149	378
-/+ Increase/decrease in trade receivables and other assets not attributable to investing or financing activity	-2,084	-4,550
+/- Decrease/increase in inventories	70	4,567
+/- Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity	1,225	4,129
Cash flow from operating activities before taxes	11,791	11,847
- Income taxes paid	112	-222
Net cash generated by operating activities	11,903	11,625

in EUR '000	01/01/ – 06/30/2011	01/01/ – 06/30/2010
Cash flow from investing activities		
+ Cash received from disposals of property, plant and equipment	32	0
– Cash paid for purchases in property, plant and equipment	-5,686	-2,762
– Cash paid for investments in intangible assets	-76	-11
Net cash used in investing activities	-5,730	-2,773
Cash flow from financing activities		
– Cash rendered for payment of financial loans	-4,083	-1,402
– Cash rendered for liabilities from finance lease	-319	-477
– Interest paid	-2,018	-2,059
+ Interest received	224	61
Net cash generated by financing activities	-6,196	-3,877
Net change in cash and cash equivalents	-23	4,975
Effects of exchange rate changes on the balance of cash held in foreign currencies	-100	73
Cash and cash equivalents at the beginning of the year	18,957	497
Cash and cash equivalents at the end of the year	18,834	5,545

Consolidated statement of changes in equity

for the period from 1 January 2011 to 30 June 2011

Equity attributable to shareholders of Nabaltec AG

in EUR '000	Subscribed Capital	Capital reserve	Earnings reserves
Balance per 01/01/2010	8,000	29,764	9,707
Consolidation adjustment Nashtec LLC*	–	–	4
Foreign currency translation	–	–	–
Net gains from hedge accounting	–	–	–
Other gains/losses	–	–	–
Profit/loss for the period after taxes	–	–	–
Consolidated profit for the period	–	–	–
Balance per 06/30/2010	8,000	29,764	9,711
Foreign currency translation	–	–	–
Net gains from hedge accounting	–	–	–
Other gains/losses	–	–	–
Profit/loss for the period after taxes	–	–	–
Consolidated profit for the period	–	–	–
Balance per 12/31/2010	8,000	29,764	9,711
Foreign currency translation	–	–	–
Net gains from hedge accounting	–	–	–
Other gains/losses	–	–	–
Profit/loss for the period after taxes	–	–	–
Consolidated profit for the period	–	–	–
Balance per 06/30/2011	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
-2,527	-898	44,046	-4,003	40,043
-45	–	-41	41	0
–	811	811	-627	184
–	-132	-132	-121	-253
–	679	679	-748	-69
473	–	473	122	595
473	679	1,152	-626	526
-2,099	-219	45,157	-4,588	40,569
–	-450	-450	338	-112
–	93	93	91	184
–	-357	-357	429	72
1,306	–	1,306	190	1,496
1,306	-357	949	619	1,568
-793	-576	46,106	-3,969	42,137
–	-437	-437	255	-182
–	63	63	61	124
–	-374	-374	316	-58
3,456	–	3,456	542	3,998
3,456	-374	3,082	858	3,940
2,663	-950	49,188	-3,111	46,077

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 2011 to 30 June 2011

	Functional Fillers		Technical Ceramics		Nabaltec Group	
	01/01/ - 06/30/	04/01/ - 06/30/	01/01/ - 06/30/	04/01/ - 06/30/	01/01/ - 06/30/	04/01/ - 06/30/
in EUR '000						
Revenues						
Third party revenue	47,566	23,430	22,524	11,352	70,090	34,782
Segment result						
EBITDA	8,725	4,516	3,707	1,998	12,432	6,514
EBIT	5,835	3,065	2,603	1,443	8,438	4,508

Period from 1 January 2010 to 30 June 2010

	Functional Fillers		Technical Ceramics		Nabaltec Group	
	01/01/ - 06/30/	04/01/ - 06/30/	01/01/ - 06/30/	04/01/ - 06/30/	01/01/ - 06/30/	04/01/ - 06/30/
in EUR '000						
Revenues						
Third party revenue	36,194	19,615	17,215	9,444	53,409	29,059
Segment result						
EBITDA	4,799	2,916	2,524	1,567	7,323	4,483
EBIT	1,993	1,492	1,458	1,034	3,451	2,526

Abridged consolidated notes to the interim report

from 1 January 2011 to 30 June 2011

1. General information

Nabaltec AG, based in Schwandorf, Germany¹, 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 June 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 June 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 June 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 June 2011 did not change compared to the consolidated financial statements as at 31 December 2010 or the second 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.

¹ 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 six 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.

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 six 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, 12 August 2011

The Management Board

Financial calendar

15 October 2011

Corporate bond: annual interest payment

29 November 2011

Interim Report 3/2011

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