

I D E A S M E A N D Y N A M I C F O R C E

Nabaltec



INTERIM REPORT I/2007

D Y N A M I C F O R C E M E A N S P R O G R E S S



KEY FIGURES (HGB)

Group		31/03/2007	31/03/2006
Revenue	EUR millions	20.4	17.6
Foreign share	%	68.1	67.6
EBITDA	EUR millions	2.0	1.9
EBIT	EUR millions	0.9	1.3
Earnings *	EUR millions	0.5	0.7
Earnings per share **	Euro	0.06	0.12
Operating cash flow	EUR millions	-0.8	0.5
Investments	EUR millions	5.5	5.5
Employees ***		286	272

* after minority interests

** 2006 based on 6,000,000 no-par-value shares
2007 based on 8,000,000 no-par-value shares

*** including part-time employees and management board as of the balance sheet date and trainees employed on average in the financial year

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Dear Shareholders,

With total revenue growth of 16% to EUR 20.4 million, the first quarter of 2007 can be viewed as a thorough success, the positive performance extending to all divisions. We reached an increase of 12% in the Functional Fillers Division, while achieving a 24% increase in Technical Ceramics. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from EUR 1.9 million to EUR 2.0 million, while earnings before interest and taxes (EBIT) were EUR 0.9 million (previous year: EUR 1.3 million).

On the operative side, we saw that the demand for halogen-free flame retardant fillers and raw materials for technical ceramics and the refractory industry is still high. We had to adjust our original estimation for flame retardant fillers as a result of the slow approval procedures for APYRAL® 40 CD ex Nashtec, USA, and the delays in capacity expansion investments by our European customers. These customers will first be procuring the notified requirements after a delay of three to five months.

The introduction of APYRAL® 40 CD by our Nashtec subsidiary can be viewed as successful overall. Over 40% of capacity was sold in March. There was a delay, in part because of the approval procedures of our customers, which took longer than expected, and in part due to the purchase hesitancy of key accounts, which first wanted to wait to see the quality consistency and delivery performance of these new production facilities. Now that Nashtec has successfully proven itself in both respects, the sold volume will amount to 100% of the installed capacity in May.

With ceramic raw materials and ceramic bodies, the market environment (above all in the refractory industry, but also in ballistic ceramics) continues along its stable growth trend, making it a challenge for our investment to keep pace with the market development.

In order to use this potential and the market opportunities before us and to expand our market position while maintaining our leadership in terms of quality, we are planning comprehensive investments again this year for both divisions. We will further expand the capacities for flame retardant fillers and also extend our product range, particularly CD qualities. The expansion program for ceramic bodies and reactive aluminas is also to be continued, with new products being introduced in the Functional Fillers Division.



Johannes Heckmann



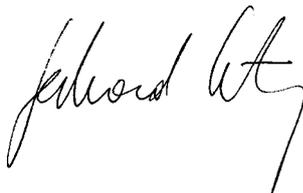
Gerhard Witzany

For financial year 2007, we anticipate consolidated revenue of approx. EUR 95 million, while we will further increase growth in the second half based on the full utilization of capacity at Nashtec and the expanded capacity in Schwandorf. Despite the additional charges from energy costs and the start-up of Nashtec, earnings will exceed those from last year.

Yours,



Johannes Heckmann
Management Board Member



Gerhard Witzany
Management Board Member

Nabaltec AG, Schwandorf

**GROUP INTERIM MANAGEMENT REPORT
FOR 1ST QUARTER 2007**

SHARE

The Nabaltec share closed the first Xetra trading day of financial year 2007 at a price of EUR 17.60. In the further course of the quarter, the share reached a high of EUR 19.80 on 29 January, before listing at EUR 19.20 as of the closing date. The share thus gained 9% in the first three months of 2007.

Investor relations activities in the first quarter of 2007 focused on the communications surrounding the 2006 annual financial statements and business report. The first annual shareholders' meeting marked the main event in the second quarter. A road show also took place in London. The Management Board used this opportunity to stay in touch with the financial community and to establish new contacts and acquire further investors for the company.

For more detailed information about Nabaltec AG, please visit our website at www.nabaltec.de.

EARNINGS, FINANCIAL AND LIQUIDITY POSITIONS

REVENUE AND EARNINGS PERFORMANCE

In the first quarter of 2007, the Nabaltec Group managed to sharply increase revenue from EUR 17.6 million to EUR 20.4 million, corresponding to a 16% gain over the previous year's quarter. Both divisions contributed to this positive performance: Functional Fillers improved its revenue to EUR 13.2 million (previous year: EUR 11.8 million) and Technical Ceramics increased revenue to EUR 7.2 million (previous year: EUR 5.8 million).

A combination of price and volume increases account for the revenue jump. Based on the rising deliveries from Nashtec in US-dollar markets, the foreign share further increased. In the first quarter of 2007, the foreign share was 68.1% after 67.6% in the same quarter of 2006.

In terms of earnings, Nabaltec reached EBITDA in the first three months of 2007 of EUR 2.0 million after EUR 1.9 million in the previous year. EBIT in the first quarter amounted to EUR 0.9 million and was thus below the previous year's mark of EUR 1.3 million. This results in an EBIT margin of 4.4% (previous year: 7.4%). Earnings after minority interests were EUR 0.5 million as of 31 March 2007 compared to EUR 0.7 million in the previous year. This result was reduced by the start-up costs at Nashtec in the first three months.

FINANCIAL AND EARNINGS POSITIONS

Total assets of the Nabaltec Group decreased slightly from EUR 93.2 million to EUR 92.2 million as of 31 March 2007.

A key change in assets arose in the property, plant and equipment, which increased by EUR 4.1 million, technical equipment and machinery being acquired above all (+EUR 4.7 million). Cash on hand and in banks decreased by EUR 6.2 million based on investments and start-up costs at Nashtec. Inventories were further decreased by EUR 1.2 million, while trade receivables increased by EUR 2.6 million.

On the liabilities side, shareholders' equity (EUR 43.5 million) remained at the same level as in the previous year (EUR 43.7 million). The resulting equity ratio of 47.2% represents a further slight increase over the close of financial year 2006 (46.9%). The reduction in trade payables by EUR 2.1 million should also be underscored.

The liquidity position of the Nabaltec Group in the first quarter of 2007 was as follows. Cash flow from current business activity was -EUR 0.8 million as of 31 March 2007 (previous year: EUR 0.5 million), which was attributable above all to the increase in trade receivables of EUR 2.6 million side-by-side with the decrease in inventories of EUR 1.2 million. Cash flow from investment activity (EUR 5.5 million) remained at nearly the same level as in the previous year. Cash flow from financing activity was -EUR 0.1 million after EUR 5.3 million in the same quarter from the previous year, the reason being that Nabaltec redeemed more credits than it borrowed. Based on the high degree of liquidity from the IPO, factoring was temporarily suspended.

ORDER PERFORMANCE

Orders received amounted in the first quarter to EUR 28.1 million. As of 31 March 2007, the order backlog was EUR 28.4 million.

INVESTMENTS

In the first quarter 2007, the Nabaltec Group invested a total of EUR 5.5 million (previous year: EUR 5.5 million). The focus of investment activity was on increasing production capacities for fine precipitated aluminum hydroxides, ceramic bodies and reactive aluminas.

EMPLOYEES

The Nabaltec Group employed a total of 286 employees as of 31 March 2007 (previous year: 272), 285 of whom were based in Germany (previous year: 271). As in the past, the training quota was sharply above the industry average.

EVENTS AFTER THE CLOSE OF THE REPORTING PERIOD

No special events occurred after the close of the reporting period.

RISKS

No material changes arose in the first quarter of 2007 compared to the opportunities and risks presented in the consolidated management report for 2006.

OUTLOOK

Our market expectations from the 2006 business report have largely been fulfilled to date. Based on the knowledge and information available to us, we predict a stable development of demand for both divisions. In order to achieve our goals, we will further increase our production capacities for fine precipitated aluminum hydroxides in Germany over the further course of the year. Production capacities for ceramic bodies and reactive aluminas are likewise to be expanded in the Technical Ceramics Division. At our new „Nashtec“ production site in Corpus Christi, Texas (USA), we will sell all capacities in May, which will be reflected above all in our financial ratios in the second half of the year.

For the further course of 2007, we anticipate a continuation of the previous sound business performance. We are assuming that revenue growth will continue and that we will again grow faster than the market as a whole. Overall, we expect consolidated revenue of approx. EUR 95 million.

EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007 (CONSOLIDATED NOTES)

BASIS FOR ACCOUNTING

Nabaltec AG (Schwandorf) is the parent company of the Nabaltec Group. The consolidated interim financial statements as of 31 March 2007 were prepared in accordance with the provisions in §§ 290 ff. of the Commercial Code in conformance with DRS 6. The income statement was prepared in accordance with the cost summary method.

The same consolidation, accounting and valuation principles were applied when preparing the consolidated interim financial statements as were used for the consolidated financial statements for financial year 2006. The values in the consolidated interim financial statements are expressed in euros (EUR) and thousands of euros (KEUR).

BASIS OF CONSOLIDATION

The consolidated group was the same as in the consolidated financial statements as of 31 December 2006.

CONSOLIDATED INCOME STATEMENT NABALTEC AG, SCHWANDORF,
FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2007

	1/1 - 31/03/2007		1/1 - 31/03/2006	
	KEUR	KEUR	KEUR	KEUR
1. Revenue		20,427		17,583
2. Increase in finished products				
3. Other own work capitalized		368		-705
		81		0
Total performance		20,876		16,878
4. Other operating income		303		348
		21,179		17,226
5. Cost of materials:				
a) Expenses for raw materials and supplies and purchased goods	11,491		8,714	
b) Expenses for purchased services	108	11,599	43	8,757
Gross profit		9,580		8,469
6. Personnel expenses:				
a) Wages and salaries	2,932		2,775	
b) Social security, pensions and support expenses	666		589	
7. Depreciation on intangible fixed assets and property, plant and equipment	1,140		581	
8. Other operating expenses	3,981	8,719	3,242	7,187
		861		1,282
9. Other interest and similar income	69		0	
10. Interest and similar expenses	595		436	
Financial result		-526		-436
11. Result from ordinary business activities		335		846
12. Taxes on income and earnings	477		280	
13. Other taxes	12	489	11	291
14. Net loss (PY: net income)		-154		555
15. Loss attributable to minority shareholders		-656		-100
16. Net income		502		655

CONSOLIDATED BALANCE SHEET OF NABALTEC AG, SCHWANDORF,
FOR 31 MARCH 2007

A S S E T S

	31/03/2007	31/12/2006
	KEUR	KEUR
<hr/>		
A. FIXED ASSETS		
I. Intangible assets		
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	65	70
II. Property, plant and equipment		
1. Land, leasehold rights and buildings, including buildings on non-owned land	14,817	12,847
2. Technical equipment and machinery	25,477	20,808
3. Other fixtures, fittings and equipment	1,399	1,193
4. Advance payments and plant and machinery in process of construction	12,545	15,299
	54,238	50,147
III. Financial assets		
1. Shares in affiliated companies	2	2
2. Other loans	571	547
	573	549
	54,876	50,766
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	5,692	7,908
2. Finished products and merchandise	7,460	6,449
	13,152	14,357
II. Accounts receivable and other assets		
1. Trade receivables	5,025	2,424
2. Other assets	13,664	14,334
	18,689	16,758
III. Cash on hand and in banks	4,891	11,076
	36,732	42,191
C. DEFERRED EXPENSES AND ACCRUED INCOME	550	269
	92,158	93,226
<hr/>		

LIABILITIES

	31/03/2007	31/12/2006
	KEUR	KEUR
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital		
Conditional capital: EUR 3.000.000,00 (PY: EUR 3.000.000,00)	8,000	8,000
II. Profit participation capital	5,000	5,000
III. Capital reserve	30,824	30,824
IV. Compensatory item for currency translation	66	47
V. Profit carry-forward	630	839
VI. Net income (PY: net loss)	502	-209
VII. Compensatory item for minority interests	-1,479	-842
	43,543	43,659
B. INVESTMENT GRANTS TO FIXED ASSETS	571	608
C. PROVISIONS AND ACCRUED LIABILITIES		
1. Provisions for pensions and similar obligations	6,249	6,116
2. Accrued taxes	236	0
3. Other provisions and accrued liabilities	4,848	4,212
	11,333	10,328
D. ACCOUNTS PAYABLE		
1. Accounts payable to banks	24,206	24,565
2. Trade payables	7,782	9,897
3. Other accounts payable	4,723	4,169
	36,711	38,631
	92,158	93,226

CONSOLIDATED CASH-FLOW STATEMENT OF NABALTEC AG FOR THE PERIOD
FROM 1 JANUARY TO 31 MARCH 2007

	1/1 - 31/03/2007	1/1 - 31/03/2006
	KEUR	KEUR
Period result (not including extraordinary items)	-154	555
Write-ups/downs on fixed assets	1,140	581
Increase/decrease in provisions	1,005	1,106
Other income/expenses with no effect on payments	-37	-42
Income/loss from the disposal of fixed assets	0	0
Special effect from change in factoring	0	0
Increase/decrease in inventories, trade receivables and other assets not attributable to investment or financing activity	-1,006	376
Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	-1,783	-2,069
Net cash flow from current business activity	-835	507
Inflow from disposal of property, plant and equipment	0	0
Outflow for investments in property, plant and equipment	-5,461	-5,493
Outflow for investments in intangible fixed assets	-3	0
Inflow from disposal of financial assets	0	0
Outflow for investments in financial assets	-25	0
Outflow for repayment of investment grants	0	0
Net cash flow from investment activity	-5,489	-5,493
Inflow from equity providers	0	0
Outflow to shareholders	0	0
Inflow from disposal of fixed assets as part of sale and leaseback transactions	0	0
Inflow from borrowings	717	5,441
Outflow for repayment of loans	-854	-96
Outflow from extraordinary items	0	0
Net cash flow from financing activity	-137	5,345
Change in cash and cash equivalents with effect on payments	-6,461	359
Change in cash and cash equivalents due to exchange rates, changes in consolidated companies and valuation	38	10
Currency differences, asset statement	238	250
Cash and cash equivalents at start of period	11,076	931
Cash and cash equivalents at end of period	4,891	1,550

Cash and cash equivalents are comprised of cash on hand and in banks.

STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY OF NABALTEC AG,
FOR 31 MARCH 2007

Parent company

	Subscribed Capital	Profit Participation Capital	Capital Reserve	Earned consolidated equity
	KEUR	KEUR	KEUR	KEUR
1 January 2006	6,000	5,000	1,824	1,839
Other changes				
Consolidated net income				655
31 March 2006	6,000	5,000	1,824	2,494
1 April 2006	6,000	5,000	1,824	2,494
Issuance of new shares	2,000		29,000	
Distribution				-1,000
Other changes				
Consolidated net loss				-864
31 December 2006	8,000	5,000	30,824	630
1 January 2007	8,000	5,000	30,824	630
Other changes				
Consolidated net loss				502
31 March 2007	8,000	5,000	30,824	1,132

Minority shareholders

Other consolidated result Compensatory item for currency translation	Equity	Minority capital	Other consolidated result Compensatory item for currency translation	Equity	Consolidated shareholders' equity
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
13	14,676	62	13	75	14,751
-28	-28		-27	-27	-55
	655	-100		-101	554
-15	15,303	-38	-14	-53	15,250
-15	15,303	-38	-14	-53	15,250
	31,000			0	31,000
	-1,000			0	-1,000
62	62			61	123
	-864	-850	61	-850	-1,714
47	44,501	-888	47	-842	43,659
47	44,501	-888	47	-842	43,659
19	19		19	19	38
	502	-656		-656	-154
66	45,022	-1,544	66	-1,479	43,543

GROUP SEGMENT REPORTING FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 MARCH 2007

In line with its internal organizational and operating structure, Nabaltec is divided into two business divisions: functional fillers and technical ceramics. Segment results will be presented in the form of earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA). The earnings of the functional fillers and technical ceramics are also given by region. The regions are defined as Germany, Rest of Europe, USA and Rest of World (RoW).

	Nabaltec			Nabaltec		
	Fillers 31/03/2007	Ceramics 31/03/2007	Group 31/03/2007	Fillers 31/03/2006	Ceramics 31/03/2006	Group 31/03/2006
Segments	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Revenue	13,210	7,217	20,427	11,801	5,782	17,583
Segment earnings						
EBITDA	1,006	995	2,001	1,426	436	1,862
EBIT	151	710	861	1,100	181	1,281
Segments by region						
Revenue	2,604	3,965	6,569	2,329	3,423	5,752
Germany	8,864	2,805	11,669	7,888	2,016	9,904
Rest of Europe	715	160	875	1,030	136	1,166
USA	1,027	287	1,314	554	207	761
RoW						
Total	13,210	7,217	20,427	11,801	5,782	17,583

NABALTEC AG – FINANCIAL CALENDAR 2007

28 August 2007

Interim Report II/2007

27 November 2007

Interim Report III/2007



Nabaltec and distributor partners

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