



# INTERIM REPORT 3/2012

OUR KNOW-HOW FOR YOUR SAFETY

**Nabaltec**

# KEY FIGURES NABALTEC GROUP

AS OF 30 SEPTEMBER 2012

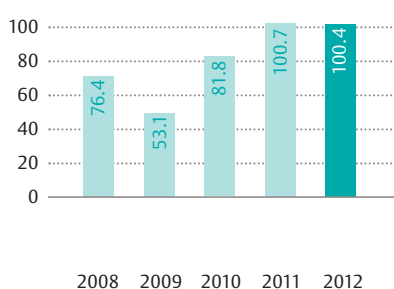
(in EUR million)

|                                       | 09/30/2012 (IFRS) | 09/30/2011 (IFRS) | Change |
|---------------------------------------|-------------------|-------------------|--------|
| <b>Revenues</b>                       |                   |                   |        |
| Total revenues                        | 100.4             | 100.7             | -0.3%  |
| thereof                               |                   |                   |        |
| Functional Fillers                    | 69.8              | 66.7              | 4.6%   |
| Technical Ceramics                    | 30.6              | 34.0              | -10.0% |
| Foreign share (%)                     | 68.7              | 68.5              |        |
| Employees* (number of persons)        | 416               | 404               | 3.0%   |
| <b>Earnings</b>                       |                   |                   |        |
| EBITDA                                | 15.4              | 17.0              | -9.4%  |
| EBIT                                  | 8.9               | 11.0              | -19.1% |
| Consolidated result after taxes**     | 2.6               | 3.7               | -29.7% |
| Earnings per share (EUR)**            | 0.33              | 0.46              | -28.3% |
| <b>Financial position</b>             |                   |                   |        |
| Cash flow from operating activities   | 19.9              | 13.1              | 51.9%  |
| Cash flow from investing activities   | -8.9              | -10.6             | -16.0% |
| <b>Assets, equity and liabilities</b> |                   |                   |        |
|                                       | 09/30/2012        | 12/31/2011        |        |
| Total assets                          | 167.4             | 165.4             | 1.2%   |
| Equity                                | 50.4              | 46.9              | 7.5%   |
| Non-current assets                    | 117.6             | 117.5             | 0.1%   |
| Current assets                        | 49.8              | 47.9              | 4.0%   |

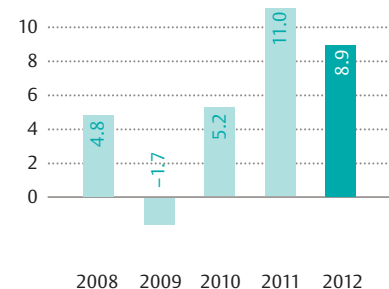
\* on the reporting date, including trainees

\*\* after non-controlling interests

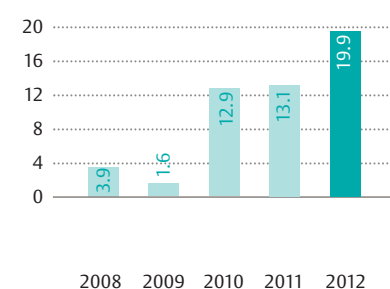
REVENUES AS OF 09/30 (in EUR million)



EBIT AS OF 09/30 (in EUR million)



CASH FLOW FROM OPERATING ACTIVITIES AS OF 09/30 (in EUR million)



INTERNATIONAL  
SUSTAINED GROWTH  
HIGH-QUALITY  
ALUMINUM HYDROXIDE-BASED AND ALUMINUM OXIDE-BASED  
SPECIALTY PRODUCTS

NABALTEC IS ONE OF THE LEADING INTERNATIONAL MANUFACTURERS OF FUNCTIONAL FILLERS, CERAMIC RAW MATERIALS AND CERAMIC BODIES. AS THE WORLD'S ONLY SUPPLIER OF FINE PRECIPITATED ALUMINUM HYDROXIDE, WE MAINTAIN PRODUCTION SITES IN THE TWO KEY MARKETS, EUROPE AND THE US (SCHWANDORF AND KELHEIM, GERMANY, AND CORPUS CHRISTI, USA).

NABALTEC SERVES HIGHLY SPECIALIZED MARKETS WORLDWIDE AND ITS EXPORT RATIO IS ABOUT 70%. WE WORK WITH AROUND 70 AGENCIES WORLDWIDE AND SUPPLY OUR PRODUCTS TO ABOUT 60 COUNTRIES.

NABALTEC WORLDWIDE



NABALTEC MAINTAINS A GLOBAL PRESENCE,  
WITH LOCATIONS IN GERMANY AND THE US  
AND A NETWORK OF INTERNATIONAL AGENCIES

□ Locations    ■ Agencies

# BUSINESS DIVISIONS

THE ORGANIZATION OF THE COMPANY INTO TWO INDEPENDENT BUSINESS DIVISIONS IS THE BASIS FOR MEETING THE INDIVIDUAL REQUIREMENTS OF OUR CUSTOMERS. WE ARE AMONG THE LEADING SUPPLIERS WORLDWIDE IN EACH OF OUR TWO DIVISIONS. KNOW-HOW, EXPERIENCE AND THE IMPLEMENTATION OF COMPLEX PROCESSES: THESE ARE THE FOUNDATIONS FOR OUR PRODUCTS, WHICH ARE DEVELOPED AND MANUFACTURED TO MEET HIGHLY SPECIFIC REQUIREMENTS.



## APPLICATIONS

THE RANGE OF APPLICATIONS FOR NABALTEC PRODUCTS IS EXTREMELY DIVERSE. THEY ARE PREFERRED WHENEVER UTMOST QUALITY, SAFETY, ECO-FRIENDLINESS AND DURABILITY ARE REQUIRED.

### 1. FLAME RETARDANTS/FLAME RETARDANT FILLERS

- eco-friendly aluminum hydroxide as a halogen-free flame retardant;
- fume-reducing, non-toxic and efficient flame retardant;
- used e.g. for cables in tunnels and airports;
- eco-friendly aluminum monohydrate (boehmite) with high thermo-stability, e.g. for flame retardant, heavy metal-free printed circuit boards;
- ACTILOX® CAHC as a synergistic flame retardant, e.g. in combination with zinc borate;

### 2. ADDITIVES

- materials for eco-friendly polymer stabilizers, e.g. as co-stabilizers in PVC products (especially window profiles);
- process additives for energy-efficient compounding, e.g. the extrusion of mineral-filled cable compounds;

### 3. ENVIRONMENTAL TECHNOLOGY

- aluminum hydroxide as a raw material for the efficient elimination of fumes in power plants;
- boehmite as a raw material in alternative energy storage, e.g. lithium ion batteries;
- boehmite as a functional raw material in catalyzers, e.g. as a selective adsorbent for heavy metals;

### 4. CERAMIC RAW MATERIALS

- Aluminum oxide and sintered mullite;
- high melting point, electric insulation, very high mechanical strength and resistance to changes in temperature;
- used e.g. in the refractory industry, the automotive sector, the polishing industry and in glass and ceramics production;

### 5. CERAMIC BODIES

- highly specialized ready-formulated mixtures for the production of technical ceramics;
- abrasion resistance, resistance to corrosion, electrical insulation properties, high surface quality;
- used e.g. to prevent abrasion and protect people and vehicles, as well as in engineering ceramics.

# CONTENT



**05** TO OUR SHAREHOLDERS



**09** CONSOLIDATED INTERIM  
MANAGEMENT REPORT



**12** CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS

## TO OUR SHAREHOLDERS

- 05 Management board foreword
- 07 Nabaltec share and bond

## CONSOLIDATED INTERIM MANAGEMENT REPORT

- 09 Course of business
- 11 Employees
- 11 Subsequent events
- 11 Report on risks and opportunities
- 11 Outlook

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- 13 Statement of comprehensive income
- 15 Statement of financial position
- 17 Statement of cash flows
- 19 Statement of changes in equity
- 21 Segment reporting
- 22 Notes

## FINANCIAL CALENDAR 2013, CONTACT AND IMPRINT

- 25 Financial calendar 2013
- 25 Contact and imprint

## MANAGEMENT BOARD FOREWORD



*Ladies and gentlemen,  
Dear Shareholders and Business Partners,*

With revenues of EUR 32.1 million, Nabaltec achieved in the third quarter of 2012 a gain of 4.9% over the third quarter of 2011. On aggregate over nine months, we were almost able to meet the revenues from the same period last year. However, this growth did not reflect our expectations. We anticipated a more dynamic trend for the second half of 2012, both for the market as a whole and for Nabaltec. Earnings, moreover, were unable to keep pace with revenue growth.

Though we were right when we predicted a stronger market for the second half of 2012 than in 2011, the current economic situation is impeding the intact market drivers. Yet this was hardly noticeable in the business division “Functional Fillers”, which posted a very positive gain of 18.8% in the reporting period, while the business division “Technical Ceramics” was forced to register a drop in revenues of 18.3% from the same period last year. This development was essentially attributable to the European steel industry, which is currently in a tough situation, looking toward the future with great caution.

The revenue trend in the last nine months confirms our current market assessment: Restraint reigns in the volume-driven segments of the business division “Technical Ceramics”, while some high-quality product areas display a stable and satisfactory sales trend.

Coupled with the difficult economic environment, in which many experts predict the global economy first to pick up again in 2013, and the traditionally weak month of December, we are now assuming only slight revenue growth for 2012.

With EBIT of EUR 2.1 million, the operating result in the third quarter was unable to match the figure from the same quarter last year. A drop of 19.2% had to be registered. Nabaltec predicts that earnings development in the fourth quarter of 2012 will continue to flatten out, so that an EBIT margin ranging between 7% and last year's figure is expected for the year as a whole. Considering the macroeconomic environment, it is essential to navigate the next few months with a certain degree of caution. We remain positive for the long term – both for our markets in general and for the development of Nabaltec in particular.

Yours,



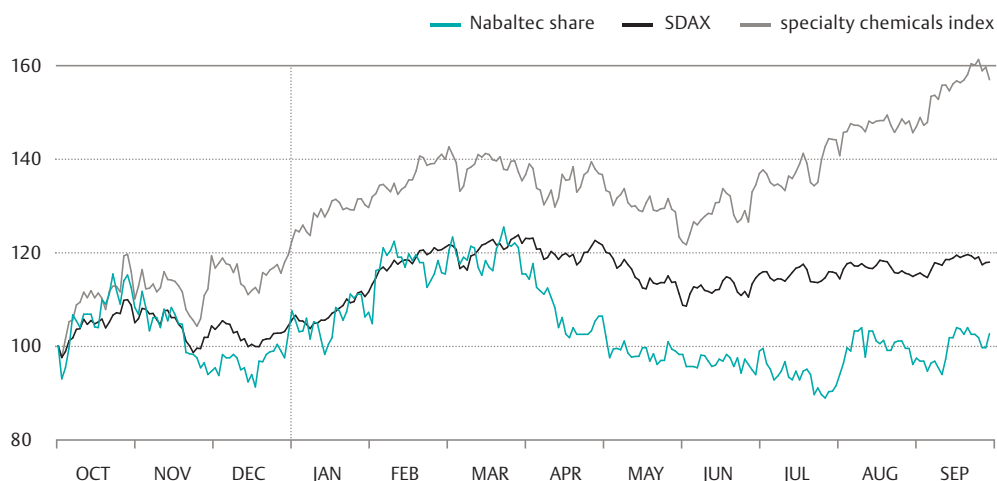
JOHANNES HECKMANN  
Member of the Board



GERHARD WITZANY  
Member of the Board

## NABALTEC SHARE AND BOND

PERFORMANCE OF NABALTEC SHARE (XETRA, indexed)



KEY DATA FOR NABALTEC SHARE (XETRA)

|   | First 9 months of 2012 | Year 2011 |
|---|------------------------|-----------|
| Number of shares                                    | 8,000,000              | 8,000,000 |
| Market capitalization (cutoff date, in EUR million) | 56.88                  | 56.80     |
| Average price (in EUR)                              | 7.22                   | 8.58      |
| High (in EUR)                                       | 8.70                   | 13.00     |
| Low (in EUR)  | 6.15                   | 6.32      |
| Closing price (cutoff date, in EUR)                 | 7.11                   | 7.10      |
| Average daily turnover (in shares)                  | 6,478                  | 11,462    |
| Earnings per share* (in EUR)                        | 0.33                   | 0.45      |

\* after non-controlling interests

*Investor uncertainty tangible in the third quarter of 2012 as well*

At the end of the reporting period, Nabaltec share was trading at EUR 7.11, up 8.2% from its price at the close of the previous quarter (EUR 6.57) and slightly above the 2011 closing price. The uncertainty felt by investors in the second quarter initially persisted in the reporting period. Nabaltec share sank at the end of July to a low of EUR 6.15. With the publication of the provisional semi-annual results, the price recovered notably. The relevant peer indices, SDAX and the specialty chemicals index, likewise increased in the third quarter, closing the reporting period with a gain of 4.2% and 18.2% over the previous quarter. These indices have even managed to increase by 13.2% (SDAX) and 31.6% (specialty chemicals index) since the start of the year. The daily average trading turnover of Nabaltec share on XETRA from January to September 2012 was 6,478 shares.



Earnings per share, after non-controlling interests, came to EUR 0.33 as of 30 September 2012. By way of comparison, EPS after nine months of 2011 was EUR 0.46.

Analyst recommendations for Nabaltec shares continue to be positive. Bankhaus Hauck & Aufhäuser once again rated the share a “buy” in its analysis of 22 October 2012, keeping its price target at EUR 12.00. VEM Aktienbank left its “buy” recommendation unchanged in its analysis of 17 September 2012, with a price target of EUR 12.10.

*Analysts continue to rate Nabaltec share a “buy”*

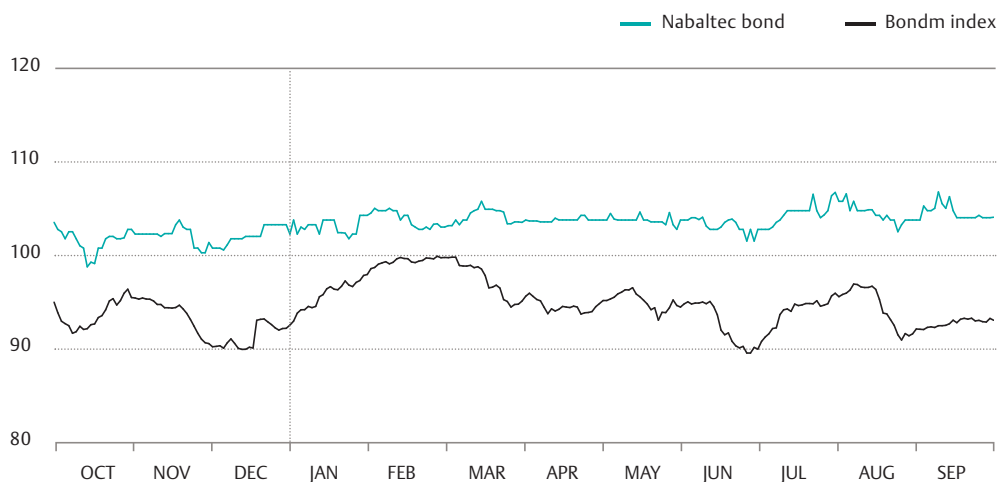
As of 30 September 2012, the majority of the 8,000,000 non-par-value shares were still held by the Heckmann and Witzany families, with the Heckmann family holding 31.95% of the capital stock and the Witzany family holding 29.87%. The remaining shares (38.18%) are in free float.

**BOND PERFORMANCE**

Nabaltec AG’s corporate bond, which is listed on the Bondm (mid-cap) segment of the Stuttgart Stock Exchange, traded at well above 100 without exception over the first nine months of 2012, closing the third quarter at 104.3.

*Corporate bond closes third quarter at 104.3*

PERFORMANCE OF NABALTEC BOND (Stuttgart Stock Exchange)



# CONSOLIDATED INTERIM MANAGEMENT REPORT

AS OF 30 SEPTEMBER 2012

## COURSE OF BUSINESS

*Quarterly revenues up  
4.9% from the same  
quarter of last year*

In the reporting period, Nabaltec AG attained revenues of EUR 32.1 million, up 4.9% from EUR 30.6 million in the same quarter of last year. Revenues in the reporting period slightly flattened out compared to the revenues from the first half of 2012.

Over the first nine months of 2012, revenues amounted to EUR 100.4 million, nearly matching the level of the same period from last year (EUR 100.7 million).

*Business division  
"Functional Fillers"  
recorded a plus of  
18.8%*

The business division "Functional Fillers" managed in the third quarter to outperform the figures from the previous year. Overall, with revenues of EUR 22.7 million, the business division registered a gain of 18.8% over the third quarter of 2011. This growth was essentially attributable to the sound development of the fine precipitated hydroxides segment (eco-friendly flame retardant fillers, e.g. for the cable & wire industry). Meanwhile, the additives and boehmites segments continued to fall somewhat short of expectations. Quarterly revenues in the business division "Technical Ceramics" amounted to EUR 9.4 million, down 18.3% from the same period of last year (EUR 11.5 million) and down 8.7% from the second quarter of 2012. The main reason for this is the restraint in key indirect target industries based on the economic slowdown, e.g. in the European steel industry.

On aggregate in the first nine months, revenues in the business division "Functional Fillers" were EUR 69.8 million, up 4.6% from EUR 66.7 million in the same period last year. In comparison, the business division "Technical Ceramics" developed negatively, its revenues of EUR 30.6 million in the first nine months of 2012 down 10.0% from EUR 34.0 million in the same period of last year.

From a regional perspective, slight growth was posted in the European market on a 9-month comparison, with exports increasing accordingly from 68.5% to 68.7%.

Nabaltec's total performance in the first three quarters of 2012 was EUR 98.9 million, down from EUR 103.4 million in the same period of last year. This 4.4% decrease can be attributed above all to reductions in inventories of finished products in the 9-month period.

*Cost of materials  
ratio slightly  
improved*

The cost of materials ratio (cost of materials as a percentage of total performance) improved slightly in the first nine months of 2012 to 51.7% after a figure of 52.1% in the same period last year. The gross profit margin (gross profit as a percentage of total performance) developed positively from 48.8% to now 49.5%.

Personnel expenses increased from EUR 16.0 million to EUR 16.2 million in the reporting period. The personnel expense ratio (personnel expenses as a percentage of total performance) increased from 15.5% in the same period last year to 16.4%, as the number of employees increased from 404 to 416.

In the first three quarters of 2012, other operating expenses of EUR 17.4 million remained at the level of the same period from last year. As a percentage of total performance, other operating expenses increased from 16.8% to 17.6% relative to the same period of last year.

Results in the first nine months of 2012 were not affected by extraordinary factors and one-time effects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 15.4 million after three quarters, down from EUR 17.0 million in the same period of last year. The EBITDA margin (EBITDA as a percentage of total performance) accordingly fell from 16.4% to EUR 15.6%.

Consolidated EBIT amounted to EUR 8.9 million, down from EUR 11.0 million in the same period from last year. At 9.0% in the reporting period, the EBIT margin (EBIT as a percentage of total performance) did not reach the level from the same period of last year (10.6%).

Net financial income further improved from EUR –4.9 million after nine months of 2011 to EUR –4.5 million in the first three quarters of 2012, as the restructuring of bank debt over the course of 2011 had a positive impact on this item.

*Net financial income further improved*

Earnings before taxes amounted to EUR 4.4 million after EUR 6.2 million last year. After adjusting for taxes and non-controlling interests, consolidated earnings for the first nine months were EUR 2.6 million after EUR 3.7 million in the same period last year. This corresponds to an earnings per share of EUR 0.33, down from EUR 0.46 after nine months in 2011.

Nabaltec's net cash flow from operating activities improved from EUR 13.1 million to EUR 19.9 million after nine months. The net cash outflow for investments decreased from EUR 10.6 million to EUR 8.9 million. The focus of investments was on measures to further optimize processes in the business division "Technical Ceramics", as well as completing the new production line for fine precipitated hydroxides.

The cash flow from financing activities was influenced by amortization payments on loans and interest payments. No new loans were taken out. The cash flow from financing activities amounted to EUR –7.8 million after a nearly balanced figure in the same period last year.

Nabaltec Group's cash and cash equivalents amounted to EUR 19.5 million on 30 September 2012.

Nabaltec Group's balance sheet shows only slight changes relative to its position on 31 December 2011. Total assets increased slightly by 1.2%, from EUR 165.4 million to EUR 167.4 million. Non-current assets remained largely unchanged. Within property, plant and equipment, there were some transfers from plant and machinery under construction to technical equipment, plant and machinery, as various plants were put online. Current assets increased by 4.0%, as higher liquidity and an increase in trade receivables offset reductions in inventories.

*Total assets increased slightly*

## EMPLOYEES

*Trainee ratio increased to 12.7%*

As of the reporting date, 30 September 2012, Nabaltec Group had 416 employees, including trainees. On the same date last year, the Group had 404 employees. The trainee ratio increased from 12.1% to 12.7%.

## SUBSEQUENT EVENTS

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

## REPORT ON RISKS AND OPPORTUNITIES

In the first nine months of 2012, there were no significant changes to the situation described in the 2011 consolidated management report.

## OUTLOOK

*Nabaltec is reckoning with revenues slightly above last year's level*

The economic slowdown is meanwhile tangible in all of Nabaltec's sales markets, a fact stifling current expectations and estimates for the further course of the financial year. Under the given circumstances, Nabaltec is reckoning with consolidated revenues for 2012 as a whole slightly above last year's level. Nabaltec predicts that earnings development in the fourth quarter of 2012 will continue to flatten out, so that an EBIT margin ranging between 7% and last year's figure is expected for the year as a whole.

Orders on hand were at EUR 17.6 million on 30 September 2012, down 24.1% from 30 September 2011.

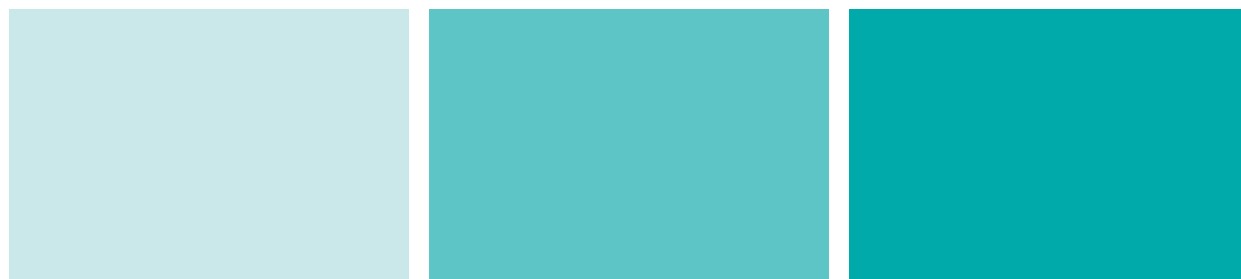
Otherwise, the statements made in the forecast report of the 2011 consolidated management report remain in effect.

Schwandorf, 5 November 2012

The Management Board

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2012



## CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- 13 Statement of comprehensive income
- 15 Statement of financial position
- 17 Statement of cash flows
- 19 Statement of changes in equity
- 21 Segment reporting
- 22 Notes

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2012

| (in EUR '000)                                | 2012            |                 | 2011            |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 01/01/ - 09/30/ | 07/01/ - 09/30/ | 01/01/ - 09/30/ | 07/01/ - 09/30/ |
| Revenue                                      | 100,376         | 32,067          | 100,656         | 30,566          |
| Increase in unfinished and finished products | -2,003          | -861            | 2,404           | 429             |
| Other own services capitalized               | 508             | 165             | 363             | 165             |
| <b>Total performance</b>                     | <b>98,881</b>   | <b>31,371</b>   | <b>103,423</b>  | <b>31,160</b>   |
| Other operating income                       | 1,244           | 405             | 965             | 449             |
| Cost of materials                            | -51,141         | -16,280         | -53,915         | -16,504         |
| <b>Gross profit</b>                          | <b>48,984</b>   | <b>15,496</b>   | <b>50,473</b>   | <b>15,105</b>   |
| Personnel expenses                           | -16,175         | -5,247          | -16,003         | -5,290          |
| Depreciation and amortization                | -6,556          | -2,260          | -6,018          | -2,024          |
| Other operating expenses                     | -17,395         | -5,871          | -17,422         | -5,199          |
| <b>Operating result (EBIT)</b>               | <b>8,858</b>    | <b>2,118</b>    | <b>11,030</b>   | <b>2,592</b>    |
| Interest and similar income                  | 323             | 94              | 428             | 141             |
| Interest and similar expenses                | -4,825          | -1,612          | -5,297          | -1,722          |
| <b>Result from ordinary operations (EBT)</b> | <b>4,356</b>    | <b>600</b>      | <b>6,161</b>    | <b>1,011</b>    |
| Income taxes                                 | -969            | 104             | -1,684          | -532            |
| <b>Consolidated result after taxes</b>       | <b>3,387</b>    | <b>704</b>      | <b>4,477</b>    | <b>479</b>      |
| thereof attributable to                      |                 |                 |                 |                 |
| Shareholders of the parent company           | 2,619           | 506             | 3,686           | 230             |
| Non-controlling interests                    | 768             | 198             | 791             | 249             |
| <b>Consolidated result after taxes</b>       | <b>3,387</b>    | <b>704</b>      | <b>4,477</b>    | <b>479</b>      |
| Earnings per share (in EUR)                  | 0.33            | 0.06            | 0.46            | 0.03            |

| (in EUR '000)                                  | 2012            |                 | 2011            |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 01/01/ - 09/30/ | 07/01/ - 09/30/ | 01/01/ - 09/30/ | 07/01/ - 09/30/ |
| <b>Consolidated result after taxes</b>         | <b>3,387</b>    | <b>704</b>      | <b>4,477</b>    | <b>479</b>      |
| Foreign currency translation (after taxes)     | -14             | -148            | 49              | 231             |
| Net result from hedge accounting (after taxes) | 105             | 64              | 62              | -62             |
| <b>Other result</b>                            | <b>91</b>       | <b>-84</b>      | <b>111</b>      | <b>169</b>      |
| thereof attributable to                        |                 |                 |                 |                 |
| Shareholders of the parent company             | 22              | -174            | 19              | 393             |
| Non-controlling interests                      | 69              | 90              | 92              | -224            |
| <b>Comprehensive income</b>                    | <b>3,478</b>    | <b>620</b>      | <b>4,588</b>    | <b>648</b>      |
| thereof attributable to                        |                 |                 |                 |                 |
| Shareholders of the parent company             | 2,641           | 332             | 3,705           | 623             |
| Non-controlling interests                      | 837             | 288             | 883             | 25              |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 SEPTEMBER 2012

**ASSETS** (in EUR '000)

|   | 09/30/2012     | 12/31/2011     |
|---|----------------|----------------|
| <b>Non-current assets</b>   | <b>117,593</b> | <b>117,541</b> |
| Intangible assets   |                |                |
| Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments) | 233            | 232            |
| Property, plant and equipment   | 116,741        | 116,399        |
| Land, leasehold rights and buildings on non-owned land  | 29,329         | 29,427         |
| Technical equipment, plant and machinery  | 81,662         | 72,812         |
| Other fixtures, fittings and equipment  | 2,565          | 2,465          |
| Advance payments and plant and machinery under construction   | 3,185          | 11,695         |
| Deferred tax assets   | 619            | 910            |
| <b>Current assets</b>   | <b>49,811</b>  | <b>47,864</b>  |
| Inventories   | 21,021         | 26,320         |
| Raw materials and supplies  | 11,075         | 14,283         |
| Unfinished goods  | 357            | 413            |
| Finished products and merchandise   | 9,589          | 11,624         |
| Trade receivables and other assets  | 9,294          | 5,197          |
| Trade receivables   | 5,953          | 2,249          |
| Income tax claims   | 115            | 127            |
| Other assets  | 3,226          | 2,821          |
| Cash and cash equivalents   | 19,496         | 16,347         |
| <b>TOTAL ASSETS</b>   | <b>167,404</b> | <b>165,405</b> |



**EQUITY & LIABILITIES** (in EUR '000)

|  | 09/30/2012     | 12/31/2011     |
|--|----------------|----------------|
| <b>Equity</b>                                      | <b>50,412</b>  | <b>46,934</b>  |
| Subscribed capital                                 | 8,000          | 8,000          |
| Capital reserve                                    | 29,764         | 29,764         |
| Earnings reserves                                  | 9,711          | 9,711          |
| Profit/loss carried forward                        | 2,837          | -793           |
| Consolidated result after taxes                    | 2,619          | 3,630          |
| Accumulated other comprehensive result             | -272           | -294           |
| Non-controlling interests                          | -2,247         | -3,084         |
|  |                |                |
| <b>Non-current liabilities</b>                     | <b>75,676</b>  | <b>86,713</b>  |
| Retirement benefit obligation                      | 14,161         | 13,688         |
| Other provisions                                   | 396            | 372            |
| Financial liabilities arising from corporate bonds | 29,125         | 28,928         |
| Payables to banks                                  | 28,033         | 34,979         |
| Profit participation capital                       | 0              | 4,976          |
| Deferred tax liabilities                           | 3,961          | 3,770          |
|  |                |                |
| <b>Current liabilities</b>                         | <b>41,316</b>  | <b>31,758</b>  |
| Income tax payable                                 | 612            | 190            |
| Other provisions                                   | 197            | 349            |
| Payables to banks                                  | 10,477         | 8,146          |
| Profit participation capital                       | 4,994          | 0              |
| Trade payables                                     | 10,113         | 10,037         |
| Other liabilities                                  | 14,923         | 13,036         |
|  |                |                |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>              | <b>167,404</b> | <b>165,405</b> |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2012

| (in EUR '000)   | 01/01/ - 09/30/2012 | 01/01/ - 09/30/2011 |
|---|---------------------|---------------------|
| <b>Cash flow from operating activities</b>  |                     |                     |
| Period profit before taxes  | 4,356               | 6,161               |
| + Depreciation and amortization   | 6,556               | 6,018               |
| -/+ Gain/loss from asset disposals  | 4                   | -1                  |
| - Interest income   | -323                | -428                |
| + Interest expenses   | 4,825               | 5,297               |
| <b>Operating profit before working capital changes</b>  | <b>15,418</b>       | <b>17,047</b>       |
| +/- Increase/decrease in provisions   | -134                | 266                 |
| -/+ Increase/decrease in trade receivables and other assets not attributable to investing or financing activity     | -4,110              | -702                |
| +/- Decrease/increase in inventories  | 5,299               | -3,217              |
| +/- Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity | 3,438               | -376                |
| <b>Cash flow from operating activities before taxes</b>   | <b>19,911</b>       | <b>13,018</b>       |
| - Income taxes paid   | -53                 | 87                  |
| <b>Net cash generated by operating activities</b>   | <b>19,858</b>       | <b>13,105</b>       |

| (in EUR '000)  | 01/01/ - 09/30/2012 | 01/01/ - 09/30/2011 |
|--|---------------------|---------------------|
| <b>Cash flow from investing activities</b>   |                     |                     |
| + Cash received from disposals of property, plant and equipment                    | 8                   | 49                  |
| - Cash paid for purchases in property, plant and equipment                         | -8,800              | -10,555             |
| - Cash paid for investments in intangible assets                                   | -67                 | -91                 |
| <b>Net cash used in investing activities</b>                                       | <b>-8,859</b>       | <b>-10,597</b>      |
| <b>Cash flow from financing activities</b>   |                     |                     |
| + Cash received from investments in fixed deposit > 3 months                       | 0                   | 10,000              |
| + Cash received from financial loans   | 0                   | 11,000              |
| - Cash rendered for payment of financial loans                                     | -6,047              | -18,081             |
| - Cash rendered for liabilities from finance lease                                 | 0                   | -319                |
| - Interest paid  | -2,026              | -2,745              |
| + Interest received  | 238                 | 334                 |
| <b>Net cash generated by financing activities</b>                                  | <b>-7,835</b>       | <b>189</b>          |
| <b>Net change in cash and cash equivalents</b>                                     | <b>3,164</b>        | <b>2,697</b>        |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | -15                 | 44                  |
| Cash and cash equivalents at the beginning of the period                           | 16,347              | 18,957              |
| <b>Cash and cash equivalents at the end of the period</b>                          | <b>19,496</b>       | <b>21,698</b>       |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2012

(in EUR '000)

|   | Equity attributable to shareholders of Nabaltec AG |                 |                   |
|---|--|-----------------|-------------------|
|   | Subscribed Capital                                 | Capital reserve | Earnings reserves |
| Balance per 01/01/2011                    | 8,000  | 29,764          | 9,711             |
| Consolidation adjustment Nashtec LLC*     | —  | —               | —                 |
| Foreign currency translation              | —  | —               | —                 |
| Net gains from hedge accounting           | —  | —               | —                 |
| Other gains/losses                        | —  | —               | —                 |
| Profit/loss for the period after tax      | —  | —               | —                 |
| <b>Consolidated profit for the period</b> | —  | —               | —                 |
| Balance per 09/30/2011                    | 8,000  | 29,764          | 9,711             |
| Foreign currency translation              | —  | —               | —                 |
| Net gains from hedge accounting           | —  | —               | —                 |
| Other gains/losses                        | —  | —               | —                 |
| Profit/loss for the period after tax      | —  | —               | —                 |
| <b>Consolidated profit for the period</b> | —  | —               | —                 |
| Balance per 12/31/2011                    | 8,000  | 29,764          | 9,711             |
| Foreign currency translation              | —  | —               | —                 |
| Net gains from hedge accounting           | —  | —               | —                 |
| Other gains/losses                        | —  | —               | —                 |
| Profit/loss for the period after tax      | —  | —               | —                 |
| <b>Consolidated profit for the period</b> | —  | —               | —                 |
| Balance per 09/30/2012                    | 8,000  | 29,764          | 9,711             |

\* we refer to the abridged consolidated notes on the scope of consolidation

| Profit carried forward | Accumulated other comprehensive result | Total  | Non-controlling interests | Consolidated equity |
|------------------------|--|--------|---------------------------|---------------------|
| -793                   | -576                                   | 46,106 | -3,969                    | 42,137              |
| -                      | -                                      | -      | -                         | -                   |
| -                      | -13                                    | -13    | 62                        | 49                  |
| -                      | 32                                     | 32     | 30                        | 62                  |
| -                      | 19                                     | 19     | 92                        | 111                 |
| 3,686                  | -                                      | 3,686  | 791                       | 4,477               |
| 3,686                  | 19                                     | 3,705  | 883                       | 4,588               |
| 2,893                  | -557                                   | 49,811 | -3,086                    | 46,725              |
| -                      | 275                                    | 275    | -121                      | 154                 |
| -                      | -12                                    | -12    | 19                        | 7                   |
| -                      | 263                                    | 263    | -102                      | 161                 |
| -56                    | -                                      | -56    | 104                       | 48                  |
| -56                    | 263                                    | 207    | 2                         | 209                 |
| 2,837                  | -294                                   | 50,018 | -3,084                    | 46,934              |
| -                      | -11                                    | -11    | -3                        | -14                 |
| -                      | 33                                     | 33     | 72                        | 105                 |
| -                      | 22                                     | 22     | 69                        | 91                  |
| 2,619                  | -                                      | 2,619  | 768                       | 3,387               |
| 2,619                  | 22                                     | 2,641  | 837                       | 3,478               |
| 5,456                  | -272                                   | 52,659 | -2,247                    | 50,412              |

## SEGMENT REPORTING

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

### BUSINESS SEGMENTS

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

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

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

PERIOD FROM 1 JANUARY 2012 – 30 SEPTEMBER 2012  
(in EUR '000)

|                       | Functional Fillers      |                         | Technical Ceramics      |                         | Nabaltec Group          |                         |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                       | 2012<br>01/01/ – 09/30/ | 2012<br>07/01/ – 09/30/ | 2012<br>01/01/ – 09/30/ | 2012<br>07/01/ – 09/30/ | 2012<br>01/01/ – 09/30/ | 2012<br>07/01/ – 09/30/ |
| <b>Revenues</b>       |                         |                         |                         |                         |                         |                         |
| Third party revenue   | 69,786                  | 22,696                  | 30,590                  | 9,371                   | 100,376                 | 32,067                  |
| <b>Segment result</b> |                         |                         |                         |                         |                         |                         |
| EBITDA                | 12,311                  | 3,682                   | 3,103                   | 696                     | 15,414                  | 4,378                   |
| EBIT                  | 7,528                   | 2,028                   | 1,330                   | 90                      | 8,858                   | 2,118                   |

PERIOD FROM 1 JANUARY 2011 – 30 SEPTEMBER 2011  
(in EUR '000)

|                       | Functional Fillers      |                         | Technical Ceramics      |                         | Nabaltec Group          |                         |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                       | 2011<br>01/01/ – 09/30/ | 2011<br>07/01/ – 09/30/ | 2011<br>01/01/ – 09/30/ | 2011<br>07/01/ – 09/30/ | 2011<br>01/01/ – 09/30/ | 2011<br>07/01/ – 09/30/ |
| <b>Revenues</b>       |                         |                         |                         |                         |                         |                         |
| Third party revenue   | 66,682                  | 19,116                  | 33,974                  | 11,450                  | 100,656                 | 30,566                  |
| <b>Segment result</b> |                         |                         |                         |                         |                         |                         |
| EBITDA                | 11,382                  | 2,657                   | 5,666                   | 1,959                   | 17,048                  | 4,616                   |
| EBIT                  | 7,037                   | 1,202                   | 3,993                   | 1,390                   | 11,030                  | 2,592                   |

# ABRIDGED CONSOLIDATED NOTES TO THE INTERIM REPORT

FOR THE PERIOD FROM JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2012

## 1. GENERAL INFORMATION

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

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

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

## 2. BASIS OF PREPARATION

The consolidated financial statements of Nabaltec AG as of 30 September 2012 were prepared with due regard to all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the Standing Interpretations Committee (SIC) recognized by the European Union and applicable to the financial year.

The interim financial statements of Nabaltec AG for the period from 1 January to 30 September 2012 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 2011.

The interim financial statements encompass the period from 1 January 2012 to 30 September 2012.

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.

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

The consolidated 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.

#### SCOPE OF CONSOLIDATION

The consolidated group of Nabaltec AG as at 30 September 2012 did not change compared to the consolidated financial statements as at 31 December 2011 or the third quarter of financial year 2011. The consolidated financial statements encompass the financial statements of Nabaltec AG, Schwandorf, as parent company, and its subsidiary Nashtec LLC, Texas (USA).

#### 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 2011.

In addition to the Standards and Interpretations used on 31 December 2011, the following Standards and Interpretations were used for the first time, and had no impact on the interim financial statements:

- changes to IAS 12, "Income Taxes – Deferred Taxes – Recovery of Underlying Assets"
- changes to IFRS 1, "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"
- changes to IFRS 7, "Financial Instruments – Disclosures – Transfers of Financial Assets"

### 3. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### REVENUE

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

### 4. NOTES TO THE CONSOLIDATED BALANCE SHEET

#### PROPERTY, PLANT AND EQUIPMENT

The additions to property, plant and equipment in the first nine months of 2012 were the result of investments, primarily in technical equipment and machinery to expand capacity and for further process optimization.

#### 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.

### Profit participation capital

The scheduled term of the profit participation capital, in the amount of TEUR 5,000, will end in January 2013. The financial obligations arising from profit participation capital were reclassified on 31 March 2012 from non-current liabilities to current liabilities.

## 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 2011.

No transactions with related persons and enterprises took place in the first nine months of 2012. 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, 5 November 2012

The Management Board

---

## FINANCIAL CALENDAR 2013

|   |                  |
|---|------------------|
| Annual Report 2012                      | 30 April 2013    |
| Interim Report 1/2013                   | 28 May 2013      |
| Annual General Meeting                  | 20 June 2013     |
| Interim Report 2/2013                   | 27 August 2013   |
| Corporate Bond: Annual Interest Payment | 15 October 2013  |
| Interim Report 3/2013                   | 26 November 2013 |

### Statements relating to the future

This interim report contains statements relating to the future which are based on the Management Board's current estimations and prognosis as well as on information currently available. These statements relating to the future are not to be understood as guarantees of the predicted future developments and results. The future developments and results are rather dependent on a number of risks and uncertainties and are based on assumptions which possibly may prove to be false. We do not accept any obligation to update these statements relating to the future.

## CONTACT

### Heidi Wiendl

#### Nabaltec AG

Alustraße 50 - 52  
92421 Schwandorf  
Germany

Phone: +49 9431 53-202  
Fax: +49 9431 53-260  
E-mail: [InvestorRelations@nabaltec.de](mailto:InvestorRelations@nabaltec.de)

### Frank Ostermair

#### Better Orange IR & HV AG

Haidelweg 48  
81241 Munich  
Germany

Phone: +49 89 8896906-14  
Fax: +49 89 8896906-66  
E-mail: [info@better-orange.de](mailto:info@better-orange.de)

## IMPRINT

### Publisher

#### Nabaltec AG

Alustraße 50 - 52  
92421 Schwandorf  
Germany

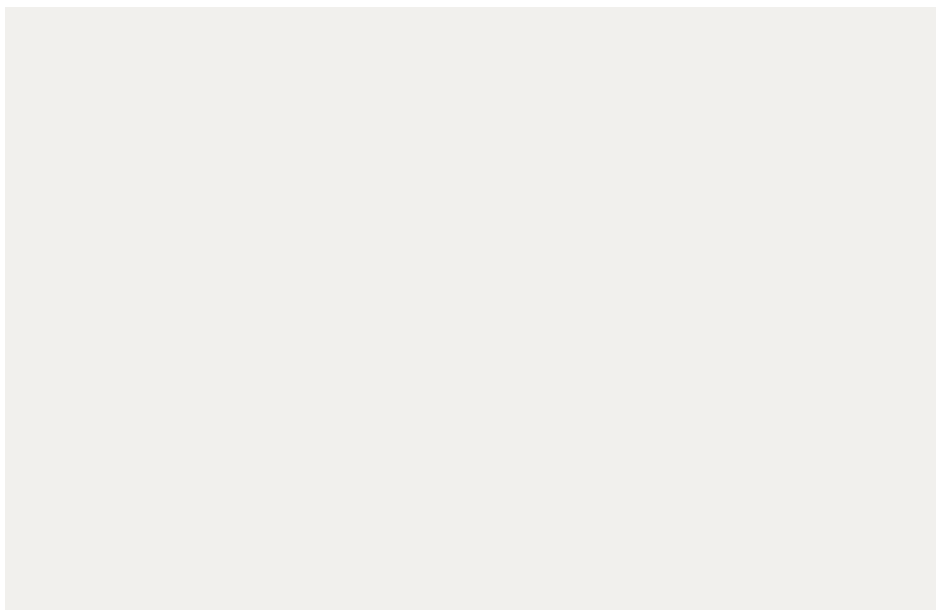
Phone: +49 9431 53-202  
Fax: +49 9431 53-260  
E-mail: [info@nabaltec.de](mailto:info@nabaltec.de)  
[www.nabaltec.de](http://www.nabaltec.de)

### Text

Nabaltec, Schwandorf  
Better Orange, Munich

### Concept und realization

CAT Consultants, Hamburg



**Nabaltec** AG  
Alustraße 50-52  
92421 Schwandorf  
Germany

Phone: +49 9431 53-0  
Fax: +49 9431 53-260  
[www.nabaltec.de](http://www.nabaltec.de)