

Our Know-How for Your Safety

Interim Report 1/2009

KEY FIGURES NABALTEC GROUP

EUR million	**31.03.2009 (IFRS)**	31.03.2008 (IFRS)	Deviation
REVENUES			
Total Revenues	16.3	25.4	−35.8 %
thereof			
Functional Fillers	10.6	17.2	−38.4 %
Technical Ceramics	5.7	8.2	−30.5 %
EARNINGS			
EBITDA	−0.3	2.8	−110.7 %
EBIT	−1.8	1.6	−212.5 %
Net income*	−2.7	0.8	−437.5 %
Earnings per share (EUR)*	−0.34	0.10	−440.0 %
FINANCIAL POSITION			
Cash flow from operating activities	−3.6	2.4	−250.0 %
Cash flow from investing activities	−4.5	−5.2	−13.5 %
ASSETS, EQUITY AND LIABILITIES	**31.03.2009**	**31.12.2008**	
Total assets	131.6	132.2	−0.5 %
Equity	42.3	45.1	−6.2 %
Non-current assets	101.3	97.3	4.1 %
Current assets	30.3	34.9	−13.2 %
Employees** (Headcount)	344	325	5.8 %

* net, after minority interests
** as of the cutoff date 31.03. including trainees

Contents

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

Dear Shareholders,

After years of uninterrupted growth, during which Nabaltec Group posted record revenues in consecutive years and an average annual growth rate of 14%, current conditions in the most important markets have forced to rethink the course. The first quarter of 2009 was a very difficult one, as the trend which began in the fourth quarter of 2008 continued. These difficulties can be attributed to the general worldwide recession and the fact that businesses are cutting inventories across the board, both of which have had a profound impact on our industry. Both specialty chemicals and our key target markets have to contend with the current market environment, including the construction industry, cable & wire industry, as well as the refractory industry, which is highly dependent on global steel production.

Nevertheless, we have seen clear qualitative evidence that Nabaltec is on the right track, even if this evidence may be overshadowed at times by the drop in sales. Successes in the first quarter of 2009 included building up our new “Additives” business unit as planned, which will market products to take the place of heavy metal-based stabilizers, and successfully implementing price increases, as a result of which our revenues were stabilized somewhat. The feedback which we have received from the target markets and from our customers also demonstrates that our strategy is the right one: in each of its two business divisions, Nabaltec offers top quality, superior functionalities and utmost reliability, giving us clear advantages over the competition.

Most importantly, we have been able to withstand these turbulent conditions with our market position and market share intact, a vital prerequisite if we are to emerge from this crisis stronger than before.

While this progress is heavily overshadowed in our financial data by the current crisis, it is clearly evident once we take into account conditions in the industry, our competition and developments in our target

"One event that will determine our success in 2009 will be our entry into a new product segment: additives for the plastics processing industry, where our high-quality and eco-friendly products will go a long way towards making the world a safer place."

Gerhard Witzany, Member of the Board

markets. Nabaltec Group's revenues fell sharply in the first quarter of 2009, and both of our business divisions, "Functional Fillers" and "Technical Ceramics" were affected almost to an equal degree. When the price of the raw materials we need went up, we responded very quickly. In some cases, we made provisions for such an event back in 2008, building up enough inventories, which will be used gradually now. We have not made similar adjustments in personnel costs due to our desire to hold on to a base of qualified employees for the long term. We have cut wages and salaries by 6.67% since the beginning of 2009, as well as short-time working in many areas, starting in February 2009. Our third major expense category, other operating expenses, was reduced at approximately the same pace as revenues went down.

Our earnings data clearly show strong negative, as well as positive, effects. EBIT fell from EUR 1.6 million in the first quarter of last year to EUR –1.8 million in the first quarter of 2009, while net earnings (after minority interests) were EUR –2.7 million, down from EUR 0.8 million in the first quarter of last year.

Clearly, these numbers bear the mark of the economic crisis. The market began to stabilize in March, but we are unable to say at this time whether this represents a lasting improvement. A turnaround is not yet in sight, although the worst may be over. The inventory cycle which has been responsible for declining orders, cancellations and a significant reduction in stocks in our markets, at all points of the value chain, seems to be nearing the end and, in our estimation, current incoming orders are largely consistent with low levels of demand from our customers.

This leads us to expect slightly higher demand in the second half of the year. However, we will need to keep a very close eye on how things develop: feedback from our customer seems to indicate that the current uncertainty and volatility will persist until mid-year at least. We are therefore being very cautious, preparing to respond quickly to events. The financial data show potential for improvement, but we feel that it is far too early to project the first-quarter results over the entire year. We see modest potential in the second half of the year with our entry into the additives market and the availability of improved products in both of our business divisions. We must also not lose sight of international regulatory trends which may be beneficial for our business. As a result of these changes, which will help us, we have decided to continue investing in strategic projects despite the crisis. We have the process, production and facility expertise we need to successfully enter the additives market. We are very confident about the market, as well as global developments in this area, even though it has not escaped the impact of the economic crisis. Finally, our shareholder structure has allowed us to lay the essential groundwork for Nabaltec's lasting success through these vital strategic decisions.

Yours,

Johannes Heckmann
Member of the Board

Gerhard Witzany
Member of the Board

Nabaltec Share

Prices and turnover (XETRA trading)		First three months of 2009	Year 2008
Average price	Euro	1.65	4.80
Maximum price	Euro	2.48	8.20
Closing price (cutoff date)	Euro	1.55	2.49
Average daily turnover	per share	4,817	7,313

At the end of the first quarter, Nabaltec share was trading at EUR 1.55 (all figures relate to XETRA trading), down about 37.8% from its price at the end of 2008, EUR 2.49. In a market which continues to be affected by the financial and economic crisis, the DAX 30 and SDAX indices, as well as the specialty chemicals sector index each lost about 15% in the first quarter of 2009. Nevertheless, Nabaltec share was able to recover slightly from its first-quarter low of EUR 1.10, climbing to EUR 1.55 by the end of the quarter.

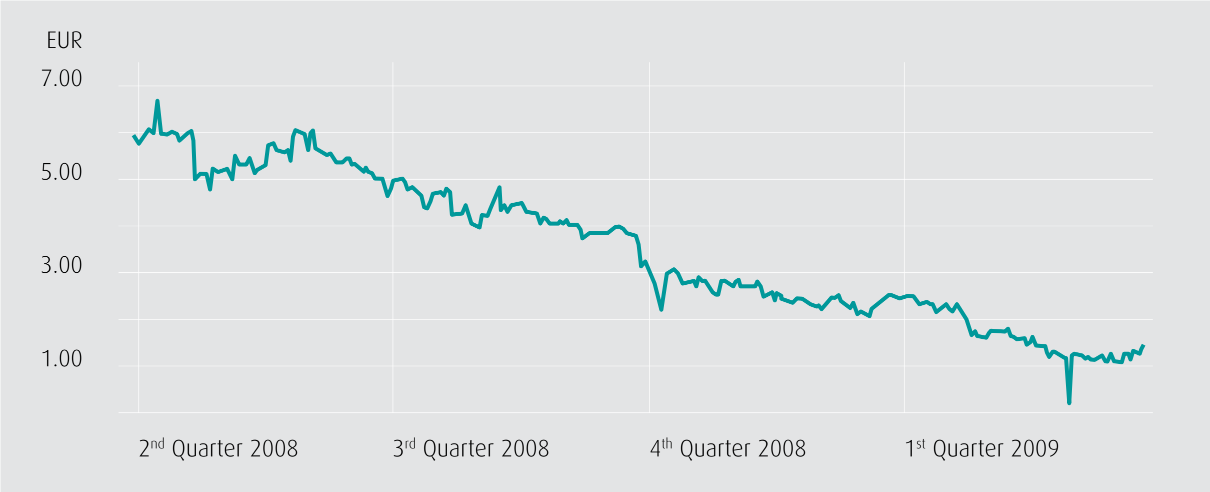
The average daily trading volume of Nabaltec share was 4,817 in the first quarter of 2009. The liquidity of the market for Nabaltec share is supported by a voluntary commitment from a designated sponsor. As of 2009, Nabaltec AG's designated sponsor is VEM Aktienbank AG, a bank with extensive designated sponsoring expertise and specializing in small and mid-size companies.

The majority of Nabaltec AG's 8,000,000 shares continue to be held by the Heckmann and Witzany families. At the beginning of 2009, the Heckmann family owned 31.3% of the capital stock and the Witzany family 29.4%. The remaining shares are in free float.

The communication with the financial community continued in the first quarter of 2009. Particularly with regard to the publication of the preliminary annual result the management held numerous conversations with analysts, investors and journalists.

Nabaltec AG reported eight share purchases by directors in the first quarter of 2009. These directors' dealings are published on the company website based on a voluntary commitment.

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



Consolidated Interim Management Report

Report on the First Quarter 2009

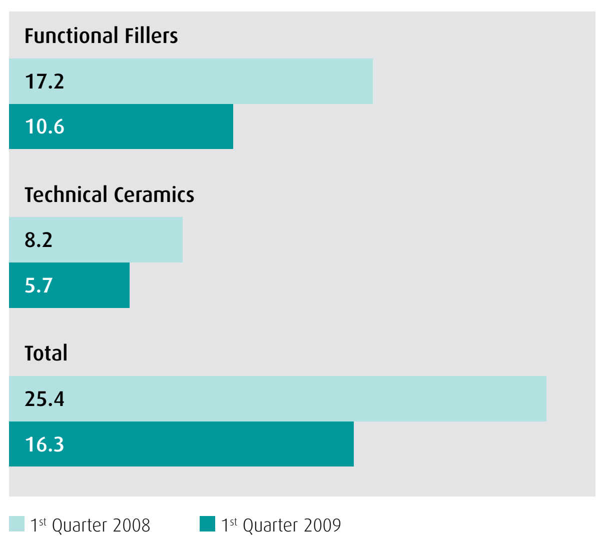
COURSE OF BUSINESS IN THE FIRST QUARTER OF 2009

In an extremely tough environment, Nabaltec Group's business took a step backwards, with revenues down 35.8%. This development can be attributed to the general weakening in global demand, although the decline in revenues was mitigated by price and currency effects.

Nabaltec's two business divisions, "Functional Fillers" and "Technical Ceramics," were equally affected by the tough conditions in their target markets. Revenues of functional fillers, particularly halogen-free flame retardants, fell by 38.4% in the first quarter, due primarily to the worldwide slump in the construction and plastics industry, which affected Nabaltec in the form of weaker demand in the cable & wire and insulation industry. Revenues in the "Technical Ceramics" division fell by 30.5%, due above all to sharply weaker demand in the refractory industry, which is itself determined primarily by global steel production.

Revenues by business divisions

EUR million



Nabaltec's revenues fell at a particularly steep pace in Germany and other European countries, where the impact of the economic crisis was felt most acutely in the first quarter of 2009. Revenues decrease in the US and the RoW were not as drastic. Overall, however, global revenues were down by at least double digits, something which has never happened before in Nabaltec's entire history.

Due to the sharp decline in revenues, as well as the deliberate reduction in finished and unfinished products, Nabaltec Group's total performance fell by EUR 2.2 million.

Nabaltec Group's gross profit (as a percentage of total performance) improved by 2.6% between the first quarter of 2008 and the first quarter of 2009, to 50.3% (up from 47.7%). A major reason for this improvement is Nabaltec's ability to cushion the blow of imminent supplier price increases by deliberately building up stocks of raw materials in advance in the fourth quarter of 2008, as well as raising its own prices.

Personnel expenses fell by EUR 0.3 million relative to the first quarter of last year due to a 6.67% reduction in wages and salaries since the beginning of the year, as well as the institution of short-time working, starting in February 2009. The personnel expense ratio (personnel expenses as a percentage of total performance) increased from 16.8% to 28.0%.

Other operating expenses were affected above all by sharply lower shipping costs due to the decline in sales. All together, other operating expenses fell by 31.4% as a result of cost-cutting measures.

Nabaltec Group's earnings in the first quarter of 2009 were not affected by extraordinary factors or one-time effects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were EUR –0.3 million in the first quarter, down from EUR 2.8 million in the first quarter of last year. Both business divisions contributed equally to this development, with each posting slight losses. EBIT were also affected by the steep decline in revenues, falling to EUR –1.8 million, down from EUR 1.6 million in the first quarter of 2008. In this case as well, the segment result parallels the revenues trend in the two business divisions.

Pre-tax earnings fell to EUR –3.0 million, down from EUR 0.9 million in the first quarter of last year. Earnings after taxes and minority interests were EUR –2.7 million in the first quarter of 2009, down from EUR 0.8 million in the first quarter of 2008.

The consolidated cash flow statement for the first quarter of 2009 shows net cash flow from operating activities of EUR –3.6 million (first quarter of 2008: EUR 2.4 million). Inventories decreased by EUR 4.7 million in the first quarter, while the decline in trade payables and other liabilities caused a cash flow of EUR –7.8 million.

Cash flow from investment activities was EUR –4.5 million, after setting off against pro rata investment grants. About one half of investments went towards construction of the Schwandorf CAHC production site, for the "Additives" business unit, and another 50% went towards production facilities and machinery for the business unit "Flame Retardants" and business division "Technical Ceramics".

Cash flow from financing activities increased to EUR 8.1 million (up from EUR 3.8 million in the first quarter of 2008) as a result of Nabaltec's medium- and long-term financing strategy. This increase was largely attributable to the receipt of EUR 11.0 million in long-term loans.

As a result of the aforementioned acquisition of new debt, Nabaltec's equity ratio was down 2.0 percentage points at the end of the first quarter, but remains strong, at 32.1%.

EMPLOYEES

As of 31 March 2009, Nabaltec Group had 344 employees (including trainees), compared to 325 (including trainees) on the same date in 2008. The trainee ratio was nearly unchanged, at 9.3%.

SUPPLEMENT REPORT

No fundamental events affecting the company's net assets, earnings and financial position occurred after the balance sheet date.

REPORT ON RISKS

In the first quarter of 2009, no substantial changes became apparent to the risks presented in the 2008 consolidated management report.

OUTLOOK

Nabaltec Group faces extraordinary challenges in 2009. Demand for eco-friendly flame retardants and raw materials for technical ceramics and ceramic bodies has continued to weaken since the beginning of the year due to the poor constitution of industries which are key consumers of the company's products. A turnaround is not yet in sight, although the worst may be over. The course of business at the start of the second quarter does not yet point to a sustained recovery.

Our principal objective is to avoid losing market share in our target markets. We are well on our way towards accomplishing this goal, thanks to a strategy which has placed the focus on emphasizing quality and specialty products. We will continue to adjust production levels in response to global demand for our products. We are also continuing to employ flexible working-hour models while maintaining reduced hours in an effort to keep production down. We are also taking advantage of the options available to us under the collective bargaining agreement for the chemicals industry to adjust wages and salaries.

We will continue to cut back on current assets in deliberate fashion and to optimize working capital with a view towards improving liquidity. We will continue to observe strict spending discipline in all areas. At the same time, we will continue our strategic investments, especially those in our new "Additives" business unit, which is expected to begin generating revenues and cash flow in the fourth quarter.

We will continue our long-term efforts to improve earnings. Depending on market conditions, Nabaltec Group's goal continues to be to raise its EBIT margin into the double digits over the long term, but this will only be possible if the flame retardant and technical ceramics markets resume their long-term growth trends.

Otherwise, the forecast in the 2008 consolidated management report is still valid.

Consolidated Interim Financial Statements

at 31 March 2009

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2009 TO 31 MARCH 2009

	2009 01.01. – 31.03. EUR 000	2008 01.01. – 31.03. EUR 000
Revenues	16,305	25,375
Decrease/increase in unfinished and finished products	–2,214	116
Other own work capitalized	178	59
Total performance	**14,269**	**25,550**
Other operating income	265	376
Cost of materials	–7,375	–13,701
Gross profit	**7,159**	**12,225**
Personnel expenses	–3,952	–4,265
Depreciation and amortization	–1,542	–1,192
Other operating expenses	–3,494	–5,128
Operating result (EBIT)	**–1,829**	**1,640**
Interest and similar income	29	40
Interest and similar expenses	–1,151	–828
Result from ordinary operations (EBT)	**–2,951**	**852**
Income taxes	–13	–283
Consolidated result after taxes	**–2,964**	**569**
thereof attributable to		
Shareholders of the parent company	–2,718	799
Minority interests	–246	–230
Consolidated result after taxes	**–2,964**	**569**
Earnings per share (in EUR)	**–0.34**	**0.10**

Consolidated Balance Sheet

AT 31 MARCH 2009

ASSETS	31.03.2009 EUR 000	31.12.2008 EUR 000
NON-CURRENT ASSETS	**101,270**	**97,292**
Intangible Assets		
Concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	277	364
Property, plant and equipment	**100,993**	**96,928**
Land, leasehold rights and buildings on non-owned land	27,802	27,250
Technical equipment, plant and machinery	58,504	56,057
Other fixtures, fittings and equipment	2,326	2,373
Advance payments and plant and machinery under construction	12,361	11,248
CURRENT ASSETS	**30,315**	**34,869**
Inventories	**23,675**	**28,408**
Raw materials and supplies	13,803	16,552
Unfinished goods	683	569
Finished products and merchandise	9,189	11,287
Trade receivables and other assets	**4,356**	**4,519**
Trade receivables	1,983	1,303
Income tax claims	254	0
Other assets	2,119	3,216
Cash and cash equivalents	**2,284**	**1,942**
Total assets	**131,585**	**132,161**

EQUITY AND LIABILITIES	**31.03.2009** EUR 000	31.12.2008 EUR 000
EQUITY	**42,288**	**45,051**
Subscribed capital	8,000	8,000
Capital reserve	29,764	29,764
Earnings reserves	9,707	9,707
Profit carried forward	2,520	1,394
Consolidated result after taxes	–2,718	1,126
Accumulated other comprehensive result	–578	–934
Minority interests	–4,407	–4,006
NON-CURRENT LIABILITIES	**60,930**	**51,501**
Pension provisions	9,792	9,643
Liabilities due to banks	37,232	27,377
Profit participation capital	4,909	4,902
Liabilities from finance lease	1,047	1,269
Deferred tax liabilities	3,954	3,943
Other liabilities	3,996	4,367
CURRENT LIABILITIES	**28,367**	**35,609**
Liabilities for income taxes	102	608
Other provisions	920	930
Liabilities due to banks	7,731	10,236
Trade payables	6,722	9,497
Liabilities from finance lease	1,045	1,093
Other liabilities	11,847	13,245
Total equity and liabilities	**131,585**	**132,161**

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY 2009 TO 31 MARCH 2009

	2009 01.01. – 31.03. EUR 000	2008 01.01. – 31.03. EUR 000
CASH FLOW FROM OPERATING ACTIVITIES		
Period profit before taxes	**–2,951**	**852**
+ Depreciation and amortization	1,542	1,192
–/+ Gain/loss from asset disposals	1	–4
– Interest income	–29	–40
+ Interest expenses	1,151	828
Operating profit before working capital changes	**–286**	**2,828**
+/– Increase/decrease in provisions	140	–56
–/+ Increase/decrease in trade receivables and other assets not attributable to investing or financing activity	417	–305
+/– Decrease/increase in inventories	4,733	2,003
+/– Increase/decrease in trade payables and other liabilities, not attributable to investment or financing activity	–7,811	–2,049
Cash Flow from operating activities before taxes	**–2,807**	**2,421**
– Income taxes paid	–764	–47
Cash Flow from operating activities	**–3,571**	**2,374**

		2009 01.01. – 31.03. EUR 000	2008 01.01. – 31.03. EUR 000
CASH FLOW FROM INVESTING ACTIVITIES			
+	Cash received from disposals of property, plant and equipment	0	4
–	Cash paid for purchases in property, plant and equipment	–4,527	–4,264
–	Cash paid for investments related to sale-and-lease-back transactions	0	–875
+	Cash received from reverse transaction in intangible assets	70	
–	Cash paid for investments in intangible assets		–36
Cash Flow from investing activites		**–4,457**	**–5,171**
CASH FLOW FROM FINANCING ACTIVITES			
+	Cash received from disposals of assets under sale-and-lease-back transactions	0	2,411
+	Cash received from financial loans	11,000	3,084
–	Cash rendered for payment of financial loans	–1,450	–587
–	Cash rendered for liabilities from finance lease	–270	–253
–	Interest paid	–1,172	–901
+	Interest received	29	40
Cash Flow from financing actvities		**8,137**	**3,794**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**109**	**997**
Change in cash and cash equivalents due to exchange rate changes		**233**	**34**
Cash and cash equivalents at beginning of period		1,942	1,676
Cash and cash equivalents at end of period		**2,284**	**2,707**

Statement of changes in consolidated equity

FOR THE PERIOD FROM 1 JANUARY 2009 TO 31 MARCH 2009

	Subscribed Capital	Capital reserve	Earnings reserves
	EUR 000	EUR 000	EUR 000
BALANCE AT 01.01.2008	8,000	29,764	9,707
Foreign currency translation			
Net gains from hedge accounting	-	-	-
Profit/loss recognized directly in equity	-	-	-
Profit/loss for the period	-	-	-
Consolidated profit for the period	**-**	**-**	**-**
BALANCE AT 31.03.2008	**8,000**	**29,764**	**9,707**
Foreign currency translation			
Net gains from hedge accounting	-	-	-
Profit/loss recognized directly in equity	-	-	-
Profit/loss for the period	-	-	-
Consolidated profit for the period	**-**	**-**	**-**
Profit distribution	**-**	**-**	**-**
BALANCE AT 31.12.2008	**8,000**	**29,764**	**9,707**
Foreign currency translation			
Net gains from hedge accounting			
Profit/loss recognized directly in equity			
Profit/loss for the period			
Consolidated profit for the period			
BALANCE AT 31.03.2009	**8,000**	**29,764**	**9,707**

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF NABALTEC AG				
Profit carried forward	Accumulated other comprehensive result	Total	Minority interests	Consolidated equity
EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
2,194	−486	**49,179**	−1,850	**47,329**
	−242	**−242**	150	**−92**
-	−461	**−461**	−452	**−913**
-	−703	**−703**	−302	**−1,005**
799	-	**799**	−230	**569**
799	**-**	**799**	**−230**	**569**
2,993	**−1,189**	**49,275**	**−2,382**	**46,893**
	490	**490**	−316	**174**
-	−235	**−235**	−231	**−466**
-	255	**255**	−547	**−292**
327	-	**327**	−1,077	**−750**
327	**0**	**327**	**−1,077**	**−750**
−800	**-**	**−800**		**−800**
2,520	**−934**	**49,057**	**−4,006**	**45,051**
	348	**348**	−162	**186**
	8	**8**	7	**15**
	356	**356**	−155	**201**
−2,718		**−2,718**	−246	**−2,964**
−2,718		**−2,718**	**−246**	**−2,964**
−198	**−578**	**46,695**	**−4,407**	**42,288**

Segment Reporting

Business segments represent the primary format for the Group's segment reporting because the risks and the internal organizational and reporting structure of the Group are determined mainly by the distinctions between the products produced. Geographical segments represent the secondary reporting format.

BUSINESS SEGMENTS

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

The "Functional Fillers" division produces and distributes halogen-free flame retardant fillers for the plastics – and the cable & wire industry as well as additives.

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

Period from January 1, 2009 to March 31, 2009	Functional Fillers EUR 000	Technical Ceramics EUR 000	Nabaltec Group EUR 000
Revenues			
Revenues from external customers	10,629	5,676	16,305
Segment result			
EBITDA	−246	−41	−287
EBIT	−1,298	−531	−1,829

Period from January 1, 2008 to March 31, 2008	Functional Fillers EUR 000	Technical Ceramics EUR 000	Nabaltec Group EUR 000
Revenues			
Revenues from external customers	17,196	8,179	25,375
Segment result			
EBITDA	1,679	1,153	2,832
EBIT	885	755	1,640

Condensed Notes for the Interim Financial Reporting

FROM JANUARY 1, 2009 TO MARCH 31, 2009

1. GENERAL INFORMATION

Nabaltec AG, with its registered head office in Schwandorf (Germany[1]), was founded under the name Nabaltec GmbH, with its registered head office in Schwandorf (registered in the Commercial Register of the Amberg Local Court under HRB 3920) by virtue of Articles of Incorporation dated December 14, 1994. It acquired the division speciality oxides from VAW aluminium AG in 1995. The company was converted to a stock corporation in 2006.

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

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

2. BASIC OF PREPARATION

The consolidated financial statements at March 31, 2009 were prepared in accordance with International Financial Reporting Standards (IFRS). The IFRS issued by the International Accounting Standards Board comprise the International Accounting Standards (IAS) as well as the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

These are the consolidated financial statements of Nabaltec AG. All EU-compliant standards applicable until March 2009 were applied. Apart from that IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”, both issued in 2008 but not yet endorsed by the European Union, were applied in the consolidated financial statements at March 31, 2009 as an endorsement by the EU has been expected on short notice.

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

The interim financial reporting of Nabaltec AG comprises the period from January 1 to March 31.

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

Presentation in the balance sheet differentiates between current and non-current assets and liabilities, some of which are broken down further by their respective maturities in the notes to the financial statements.

The income statement has been prepared by disclosing expenses by nature.

This interim financial reporting is unaudited.

Consolidation scope

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

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

New accounting standards

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

- Changes to IFRS 2 “Share-based Payment”: The application of the changes is required for the first time in financial years that begin on or after January 1, 2009. The amendment have no effects on the presentation of the assets and liabilities, financial position and operating performance because the companies included in the consolidated financial statements does not have grant share-based payment according to the definition of IFRS 2.

- Changes to IFRS 1 and IAS 27: “Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate”: The changes are effective for financial years beginning on or after January 1, 2009 and contain the objective of simplifying measuring the initial cost of investment in subsidiaries, joint ventures, and associates in single-entity financial statements for which IFRS adopted for the first time. The obligatory application starting from financial year 2009 does not have an impact on the accounting policies of the Group.

- IFRS 8 “Operating Segments”: The Standard, which was published by the IASB in November 2006 and endorsed by the EU by resolution of November 14, 2007, prescribes the application of the “management approach” for reporting the economic performance of operating segments. Accordingly, operating segments are components of a company whose operating results are reviewed regularly by the company’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The segment information reported should correspond to the company’s internal reporting system. According to the Group’s assessment, the operating segments according to IFRS 8 should be essentially the same as the business segments identified in accordance with IAS 14. The effects of this Standard on the other segment disclosures have not yet been finally determined. As the Standard addresses disclosure requirements only, the application of this Standard does not have any effects on the Group’s assets and liabilities, financial position and operating performance in financial year 2009.

- IAS 1 “Presentation of the Financial Statements”: The amended Standard was published in September 2007 and must be applied for the first time in financial years that begin on or after January 1, 2009. It did not impact the quarterly financial statements, because the statement of changes in consolidated equity from the financial year 2009 had a corresponding presentation.

- IAS 23 “Borrowing Costs”: The revised Standard was published in March 2007 and must be applied in financial years that begin on or after January 1, 2009. The revised version of IAS 23 eliminates the option of immediately expensing borrowing costs for qualifying assets, requiring instead that such borrowing costs have to be capitalized. This change did not affect the quarterly financial statements.

- Changes to IAS 32 “Financial Instruments: Disclosure and Presentation”: changes were of IAS 32 were issued in February 2008 and is effective for financial years that begin on or after January 1, 2009. The first-time application of this Standard does not have any effects on the presentation of the assets and liabilities, financial position and operating performance of the Group.

- IFRIC 13 “Customer Loyalty Programs”. This Interpretation was published in June 2007 and must be applied for the first time in financial years that begin on or after July 1, 2008. As the Group currently does not offer any customer loyalty programs, the first-time application of this Interpretation does not have any effects on the presentation of the assets and liabilities, financial position and operating performance of the Group.

- IFRIC 14 "IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction": Application of this Interpretation is mandatory for the first time in financial years that begin on or after January 1, 2008. As the Group has no excess of plan assets or plan obligation has not established any performance-oriented pension plans, the first-time application of this Interpretation have not any effects on the presentation of the assets and liabilities, financial position and operating performance of the Group.

3. NOTES TO THE INCOME STATEMENT

Revenues

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

4. NOTES TO THE BALANCE SHEET

Property land and equipment

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

Equity

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

The minority interests consisted of the minority interests in the equity of Nashtec L.P. As amendments of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements", both issued in 2008, were applied in the interim financial reporting as of March 31, 2009, negative minority interests were presented in the Group's income statement as well as in equity on the face of the balance sheet.

As the endorsement process has not been finalized until the preparation of the Group's interim financial reporting an off-setting of negative minority interests at an amount of EUR −4,407 thousand as of March 31, 2009 (PY: EUR −2,382 thousand) with the result of the period or rather with the profit/loss carried forward attributable to shareholders would have been required, according to the regulations of the Standards prior to amendments. The total amount of equity would have remained unchanged. The result after tax attributable to shareholders would have been EUR −2,964 thousand (actual presentation: EUR −2,718 thousand). Finally earnings per share would have been EUR −0.37 (actual presentation: EUR −0.34) and for prior year EUR 0.07 (actual presentation: EUR 0.10)

Current and non-current liabilities

Liabilities due to banks

Liabilities due to banks mainly comprise long-term loans with market interest rates. Fair value of the loans equals the carrying amounts. Long-term loans with an amount of EUR 11,000 thousand were borrowed in the first quarter 2009.

The loan agreements of Nabaltec AG are partly subject to covenants, which are partially based on leverage coverage ratios as well as based on the equity ratio. The loan creditor has the right in case of default of the covenants to increase interest margins or has the right to call given extraordinary notice. In financial year 2008 a default of covenants occurred, and for 2009 a default may occur. The Management Board is in the process of intense negotiations with the related bank and expects based on current results no significant sanctions to be imposed by the bank.

5. OTHER DISCLOSURES

Other financial obligations

Contingent liabilities

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

Related party transactions

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

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

Significant events after the balance sheet date

There were no significant events after the balance sheet date.

Schwandorf, 15 May 2009

The Management Board

FINANCIAL CALENDER

10 June 2009	Annual General Meeting
25 August 2009	Interim Report 2/2009
24 November 2009	Interim Report 3/2009

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