

**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (HGB) OF NABALTEC AG
AS AT 30 SEPTEMBER 2006
(REVIEW)**

Consolidated Balance Sheet (HGB) as at 30 September 2006

<u>ASSETS</u>	<u>30.09.2006</u>	<u>31.12.2005</u>
	€	€
A. FIXED ASSETS		
I. Intangible Assets		
Concessions, Industrial and Similar Rights and Assets and Licenses in such Rights and Assets	48,459.72	42,070.49
II. Property, Plant and Equipment		
1. Land, Land Rights and Buildings including Buildings on Third Party Land	5,791,335.15	5,998,159.74
2. Technical Equipment and Machines	10,063,543.95	9,506,586.41
3. Other Equipment, Operating and Office Equipment	605,821.04	637,584.12
4. Payments on Account and Assets under Construction	24,489,507.63	8,882,530.29
	<u>40,950,207.77</u>	<u>25,024,860.56</u>
III. Financial Assets		
Shares in Affiliated Companies	1,726.32	1,726.32
	<u>41,000,393.81</u>	<u>25,068,657.37</u>
B. CURRENT ASSETS		
I. Inventories		
1. Raw Materials and Supplies	6,090,732.09	5,797,875.97
2. Finished Goods and Merchandise	5,613,821.81	5,365,985.36
	<u>11,704,553.90</u>	<u>11,163,861.33</u>
II. Receivables and Other Assets		
1. Trade Receivables	1,670,645.78	2,671,695.01
2. Other Assets	4,440,810.06	2,675,740.97
	<u>6,111,455.84</u>	<u>5,347,435.98</u>
III. Cash in Hand and Cash at Banks	<u>882,753.54</u>	<u>930,667.14</u>
	<u>18,698,763.28</u>	<u>17,441,964.45</u>
C. PREPAID EXPENSES	<u>224,449.40</u>	<u>18,990.75</u>
	<u><u>59,923,606.49</u></u>	<u><u>42,529,612.57</u></u>

<u>EQUITY AND LIABILITIES</u>	<u>30.09.2006</u>	<u>31.12.2005</u>
	€	€
A. EQUITY		
I. Subscribed Capital	6,000,000.00	6,000,000.00
II. Capital from Profit Participation Rights	5,000,000.00	5,000,000.00
III. Capital Reserve	1,824,219.38	1,824,219.38
IV. Compensating Item from Currency Translation	15,839.62	12,752.02
V. Profit Carried Forward	839,246.10	762,601.40
VI. Consolidated Net Profit	1,130,241.37	1,076,644.70
VII. Compensating Item for Minority Shares	- 502,091.19	74,929.53
	<u>14,307,455.28</u>	<u>14,751,147.03</u>
B. SPECIAL ITEM FOR FIXED ASSETS INVESTMENT GRANTS	641,789.41	769,415.41
C. ACCRUALS		
1. Accruals for Pensions and Similar Obligations	5,550,131.00	5,271,141.00
2. Tax Accruals	441,838.00	719,600.00
3. Other Accruals	5,766,394.28	3,095,062.67
	<u>11,758,363.28</u>	<u>9,085,803.67</u>
D. LIABILITIES		
1. Liabilities to Banks	25,644,388.67	9,531,163.64
2. Trade Payables	5,009,357.56	5,533,630.16
3. Other Liabilities	2,562,252.29	2,858,452.66
• of which for Taxes: € 118,393.01 (PY. € 699,371.01)		
• thereof for Social Security: € 9,689.93 (PY. € 324,481.18)		
	<u>33,215,998.52</u>	<u>17,923,246.46</u>
	<u>59,923,606.49</u>	<u>42,529,612.57</u>

**Consolidated Income Statement (HGB)
for the Period from 1 January to 30 September 2006**

	01.01. - 30.09.2006		01.01. - 30.09.2005	
	€	€	€	€
1. Sales Revenues		53,497,277.05		45,267,299.63
2. Increase in Finished Goods Inventories		228,471.83		1,388,361.06
3. Own Work Capitalized		73,422.24		199,934.10
Gross Performance		<u>53,799,171.12</u>		<u>46,855,594.79</u>
4. Other Operating Income		904,902.31		1,625,904.29
		<u>54,704,073.43</u>		<u>48,481,499.08</u>
5. Cost of Materials:				
a) Cost of Raw Materials, Consumables and Supplies and Purchased Merchandise	28,564,986.32		25,409,677.38	
b) Cost of Purchased Services	155,256.22	<u>28,720,242.54</u>	96,981.12	<u>25,506,658.50</u>
Gross Yield		<u>25,983,830.89</u>		<u>22,974,840.58</u>
6. Personnel Expenses:				
a) Wages and Salaries	8,106,846.29		7,642,403.10	
b) Social Security and Other Pension Costs	1,789,621.25		1,755,862.21	
• thereof for Pension Costs: € 382,274.83 (PY. € 408,382.33)				
7. Amortization/Depreciation of Intangible Assets and Property, Plant and Equipment	1,792,623.19		1,890,471.44	
8. Other Operating Expenses	<u>10,513,874.01</u>	<u>22,202,964.74</u>	<u>8,274,689.46</u>	<u>19,563,426.21</u>
		3,780,866.15		3,411,414.37
9. Income from Long Term Financial Investments	0.00		15.96	
10. Other Interest and Similar Income	3,900.45		184.45	
11. Interest and Similar Expenses	1,615,604.06		713,899.50	
Financial Result		<u>-1,611,703.61</u>		<u>-713,699.09</u>
12. Income from Ordinary Activities		2,169,162.54		2,697,715.28
13. Extraordinary Expenses	565,986.01		0.00	
14. Extraordinary Result		-565,986.01		0.00
15. Taxes on Income	1,023,765.71		691,162.43	
16. Other Taxes	29,217.83	<u>1,052,983.54</u>	27,733.82	<u>718,896.25</u>
17. Consolidated Net Income for the Year		550,192.99		1,978,819.03
18. Loss Share Attributable to Minority Shareholders		-580,048.38		-30,372.61
19. Consolidated Net Income		<u><u>1,130,241.37</u></u>		<u><u>2,009,191.64</u></u>

Consolidated Cash Flow Statement (HGB) for the Period from 1 January to 30 September 2006

	01.01. - 30.09.2006	01.01. - 30.09.2005
	k€	k€
Period Result	550	1,979
Depreciation of (+) / Write-Ups on (-) Fixed Assets	1,793	1,890
Increase (+) / Decrease (-) in Accruals	2,672	1,604
Other Non-Cash Expenses (+) / Income (-)	- 128	34
Income (-) / Loss (+) from the Disposal of Fixed Assets	0	45
Increase (-) / Decrease (+) in Inventories, Trade Receivables and Other Assets not attributable to Investing or Financing Activities ...	- 1,510	- 3,954
Increase (+) / Decrease (-) in Trade Payables and Other Liabilities not attributable to Investing or Financing Activities	717	- 272
Cash Flow from Operating Activities	4,094	1,326
Payments received from Disposal of Property, Plant and Equipment Items	0	12
Payments made for Investments in Property, Plant and Equipment	- 18,172	- 5,583
Payments made for Investments in Intangible Assets	- 38	- 14
Payments received from Disposal of Financial Assets	4	1
Payments made for Investments in Financial Assets	- 4	- 2
Cash Flow from Investing Activities	- 18,210	- 5,586
Payments to Company Owners	- 1,000	- 1,000
Payments received from Disposal of Fixed Assets within the scope of Sale-and-Lease-Back Transactions	0	4,283
Payments received from Raising of Finance Loans	15,121	2,859
Payments for Repayment of Finance Loans	- 566	- 2,602
Cash Flow from Financing Activities	13,555	3,540
Cash-effective Changes in Finance Fund	- 561	- 720
Currency-, Consolidated Group- and Valuation-Based		
Changes in Cash and Cash Equivalents	28	1
Currency Differences Schedule of Fixed Assets	485	0
Cash and Cash Equivalents at Beginning of Period	931	1,487
Cash and Cash Equivalents at End of Period	883	768

Cash and Cash Equivalents are comprised of cash at banks and cash in hand.

**Consolidated Statement of Shareholders' Equity (HGB) for the Period
from 1 January to 30 September 2006**

	Parent Company						Minority Shareholders			
	Subscribed Capital	Profit Participation Capital	Capital Reserve	Earned Group Equity	Other Group Income Compensatory Item from Foreign Currency Translation	Equity	Minority Interest Capital	Other Group Income Compensating Item from Foreign Currency Translation	Equity	Group Equity
Balance at 1 January 2005	6,000,000.00	0.00	1,824,219.38	1,762,601.40	0.00	9,586,820.78	0.00	0.00	0.00	9,586,820.78
Distribution				-1,000,000.00		-1,000,000.00			0.00	-1,000,000.00
Change in the Consolidated Group						0.00	157,478.01		157,478.01	157,478.01
Other Changes					11,582.79	11,582.79		11,357.98	11,357.98	22,940.77
Consolidated Result for the Period 01.01.-30.09.2005				2,009,191.64		2,009,191.64	-30,372.61		-30,372.61	1,978,819.03
Balance at 30 September 2005	6,000,000.00	0.00	1,824,219.38	2,771,793.04	11,582.79	10,607,595.21	127,105.40	11,357.98	138,463.38	10,746,058.59
Balance at 1 October 2005	6,000,000.00	0.00	1,824,219.38	2,771,793.04	11,582.79	10,607,595.21	127,105.40	11,357.98	138,463.38	10,746,058.59
Addition Profit Participation Capital		5,000,000.00				5,000,000.00			0.00	5,000,000.00
Distribution				0.00		0.00			0.00	0.00
Change in the Consolidated Group						0.00	0.00		0.00	0.00
Other Changes					1,169.23	1,169.23		1,146.54	1,146.54	2,315.77
Consolidated Result for the Period 01.10.-31.12.2005				-932,546.94		-932,546.94	-64,680.39		-64,680.39	-997,227.33
Balance at 31 December 2005	6,000,000.00	5,000,000.00	1,824,219.38	1,839,246.10	12,752.02	14,676,217.50	62,425.01	12,504.52	74,929.53	14,751,147.03
Balance at 1 January 2006	6,000,000.00	5,000,000.00	1,824,219.38	1,839,246.10	12,752.02	14,676,217.50	62,425.01	12,504.52	74,929.53	14,751,147.03
Distribution				-1,000,000.00		-1,000,000.00			0.00	-1,000,000.00
Change in the Consolidated Group						0.00			0.00	0.00
Other Changes					3,087.60	3,087.60		3,027.66	3,027.66	6,115.26
Consolidated Result for the Period 01.01.-30.09.2006				1,130,241.37		1,130,241.37	-580,048.38		-580,048.38	550,192.99
Balance at 30 September 2006	6,000,000.00	5,000,000.00	1,824,219.38	1,969,487.47	15,839.62	14,809,546.47	-517,623.37	15,532.18	-502,091.19	14,307,455.28

Explanatory Notes (HGB) for the Period from 1 January 2006 to 30 September 2006

1. General Disclosures on the Consolidated Financial Statements

Nabaltec AG, Schwandorf, is the parent company of the Nabaltec Group. The consolidated financial statements for the year ended 30 September 2006 were prepared on a voluntary basis in accordance with the provisions of Section 290 et seq., HGB. The Nabaltec Group was established during the 2005 financial year as a result of the formation of Nashtec L.P., USA. The income statement was prepared in accordance with the type of expenditure format.

2. Consolidated Group

The consolidated group is comprised of the parent company Nabaltec AG, Schwandorf, and Nashtec L.P., Corpus Christi (USA), by way of full consolidation. Nashtec L.P. was initially included in the consolidated financial statements as of 31 March 2005.

As this was a newly formed company, no differences resulted from initial consolidation.

<u>Company</u>	<u>Share of Equity</u>	
	<u>in kEUR</u>	<u>%</u>
Nashtec LP, Corpus Christi (USA)	161	50.49

Nashtec Management Corporation was not included in the consolidated financial statements due to lack of materiality in accordance with Section 296 (2) HGB.

3. Consolidation Principles

The consolidation of capital was carried out in accordance with the book value method pursuant to Section 301 (1) Sentence 2 No. (1) HGB. The date of initial consolidation corresponds with the time of the subsidiaries' initial inclusion in the consolidated financial statements. The netting of investment book values with the equity of subsidiaries subject to consolidation was based on the figures at the time of initial inclusion of the subsidiaries in the consolidated financial statements.

For shares in consolidated subsidiaries that do not belong to the parent company, the consolidated balance sheet includes a separate compensating item for minority interests under equity in the amount of their shares in shareholders' equity pursuant to Section 307 (1) HGB. The consolidated income statement contains a separate line item for profit/loss allocable to other minority shareholders, which appears below consolidated net income pursuant to Section 307 (2) HGB.

Income and expense consolidation is carried out pursuant to Section 305 (1) HGB by netting sales revenues, other operating income and interest income between the consolidated group companies with the corresponding expenses.

Intra-group receivables and liabilities are netted pursuant to Section 303 (1) HGB. Differences arising from currency translation of receivables and liabilities denominated in foreign currencies are recognized in earnings.

The accounting of consolidated domestic and foreign group companies is based on uniform disclosure, valuation and classification policies. In the event of variances from the German classification and valuation provisions, the corresponding reclassification and revaluation adjustments are recorded.

4. Currency Translation

The Euro conversion of balance sheet items of the foreign subsidiaries was carried out using the balance sheet exchange rate.

The translation of income statement items is based on average exchange rates. The resulting translation differences are recognized in equity with neutral effect on earnings. Any translation differences arising within the scope of capital consolidation are recognized in equity with neutral effect on earnings.

5. Valuation and Accounting Policies

The consolidated financial statements of Nabaltec AG are prepared in accordance with the following uniform valuation and accounting policies:

Intangible assets are stated at acquisition cost, less scheduled straight-line amortization write-downs. The estimated useful life is 4 years.

Property, Plant and Equipment are stated at acquisition or production cost, less scheduled depreciation.

Scheduled depreciation is recorded straight-line in accordance with the estimated useful lives established in the business, which are oriented towards the highest admissible tax rates. Assets capable of independent use with values of up to € 410.00 are written down in full in the year of addition pursuant to Section 6 (2) EStG. Production costs do not include interest on borrowed capital.

Financial assets are carried at continued acquisition costs.

Raw Materials, Consumables and Supplies, and Merchandise are stated at acquisition costs, taking the strict lower of cost or market principle into account. Acquisition cost is calculated under the average cost method. Slow-moving items are written down on the basis of the length of storage.

Finished Goods are recorded at production costs taking the strict lower of cost or market principle into account. Production costs include direct materials and manufacturing costs, as well as adequate shares of materials and manufacturing overhead costs. Interest on borrowings and general administrative costs were not included in production costs. Finished goods are aggregated into valuation units for group valuation purposes in accordance with Section 240 (4) HGB. The production costs of items of similar types or approximately equal value are not assigned to the individual items but calculated using the weighted average value of the respective group.

Receivables and Other Assets are carried at face value. Individual discernible risks are accounted for through individual valuation adjustments. The general default and credit risk for trade receivables was accounted for by a general allowance for doubtful accounts. Foreign currency receivables are measured at the selling rate applicable on the transaction date or the selling rate applicable at the balance sheet date, whichever is lower.

Liquid Assets are stated at face value. Cash holdings denominated in foreign currencies are valued at the lower of the selling rate on the transaction date or the selling rate applicable at the balance sheet date.

Prepaid Expenses are stated at face value. The disagio is amortized over the term of the loans.

Subscribed Capital is stated at face value.

The **Special Item for Fixed Assets Investment Grants** was reported under equity at the amount of the grant and released over the useful life of the subsidized investments on a pro-rata basis.

Accruals for Pensions are recorded in accordance with actuarial principles at accrued values pursuant to Section 6a EStG based on an interest rate of 6% and Dr. Klaus Heubeck's "2005 G" Mortality Tables.

Tax Accruals correspond to expected payments.

Other Accruals were recorded for all discernible risks and uncertain liabilities at the amounts required under prudential business judgment.

Liabilities are reported at their repayment or settlement amounts.

Foreign currency liabilities are stated at the buying rate as at the origination date or the buying rate at the balance sheet date, whichever is higher.

6. Disclosures on the Consolidated Balance Sheet

Fixed Assets

The development of fixed assets in the financial year is presented on the following page:

Schedule of Consolidated Fixed Assets of Nabaltec AG for the Period from 1 January 2006 to 30 September 2006

	Acquisition/Production Cost					
	Balance 01.01.2006	Additions	Disposals	Reclassifications	Currency Differences	Balance 30.09.2006
	€	€	€	€	€	€
I. INTANGIBLE ASSETS						
Concessions, Industrial and Similar Rights and Assets and Licences in such Rights and Assets	1,733,114.81	37,769.99	0.00	0.00	0.00	1,770,884.80
II. PROPERTY, PLANT AND EQUIPMENT						
1. Land, Land Rights and Buildings including Buildings on Third Party Land	7,811,866.36	7,386.30	0.00	0.00	-11,138.90	7,808,113.76
2. Technical Equipment and Machines	24,818,450.35	576,080.39	0.00	1,363,440.58	0.00	26,757,971.32
3. Other Equipment, Operating and Office Equipment	3,556,767.05	143,843.93	0.00	0.00	0.00	3,700,610.98
4. Payments on Account and Assets under Construction	8,882,530.29	17,444,548.83	0.00	-1,363,440.58	-474,130.91	24,489,507.63
	45,069,614.05	18,171,859.45	0.00	0.00	-485,269.81	62,756,203.69
III. FINANCIAL ASSETS						
1. Shares in Affiliated Companies	1,726.32	0.00	0.00	0.00	0.00	1,726.32
2. Other Loans	0.00	3,933.31	3,933.31	0.00	0.00	0.00
	1,726.32	3,933.31	3,933.31	0.00	0.00	1,726.32
	46,804,455.18	18,213,562.75	3,933.31	0.00	-485,269.81	64,528,814.81

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	Accumulated Depreciation/Amortization						
	Balance 01.01.2006	Additions	Disposals	Balance 30.09.2006	Book Value 30.09.2006	Book Value 31.12.2005	Depreciation for the Period
	€	€	€	€	€	€	€
I. INTANGIBLE ASSETS							
Concessions, Industrial and Similar Rights and Assets and Licences in such Rights and Assets	1,691,044.32	31,380.76	0.00	1,722,425.08	48,459.72	42,070.49	31,380.76
II. PROPERTY, PLANT AND EQUIPMENT							
1. Land, Land Rights and Buildings including Buildings on Third Party Land	1,813,706.62	203,071.99	0.00	2,016,778.61	5,791,335.15	5,998,159.74	203,071.99
2. Technical Equipment and Machines	15,311,863.94	1,382,563.43	0.00	16,694,427.37	10,063,543.95	9,506,586.41	1,382,563.43
3. Other Equipment, Operating and Office Equipment	2,919,182.93	175,607.01	0.00	3,094,789.94	605,821.04	637,584.12	175,607.01
4. Payments on Account and Assets under Construction	0.00	0.00	0.00	0.00	24,489,507.63	8,882,530.29	0.00
	20,044,753.49	1,761,242.43	0.00	21,805,995.92	40,950,207.77	25,024,860.56	1,761,242.43
III. Financial Assets							
1. Shares in Affiliated Companies	0.00	0.00	0.00	0.00	1,726.32	1,726.32	0.00
2. Other Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	1,726.32	1,726.32	0.00
	21,735,797.81	1,792,623.19	0.00	23,528,421.00	41,000,393.81	25,068,657.37	1,792,623.19

Receivables and Other Assets

Other assets consist mainly of receivables from a factoring company relating to purchase price retentions and blocked amounts from sold customer receivables (k€ 2,807), an asset value from a reinsurance policy (k€ 520), VAT refund claims (k€ 587) and a refund claim for mineral oil tax (k€ 224). The receivables from the AKF incoming payments clearing account were reported under other assets as of the effective date, and under trade receivables as at 31 December 2005. The receivable from the reinsurance asset value to the amount of k€ 520 has a remaining term of more than one year.

Shareholders' Equity

The development of the consolidated shareholders' equity is shown in the schedule of consolidated shareholders' equity. The subscribed capital of the parent company Nabaltec AG amounts to k€ 6,000 and is fully paid-in.

Shareholders' equity includes profit participation capital in the amount of k€ 5,000. The scheduled maturity ends in the year 2012. Prior to that time the contract parties are not provided with any ordinary termination rights. The profit participation capital is in conformity with the requirements of IDW HFA 1/1994 concerning the disclosure under shareholders' equity.

Special Item for Fixed Assets Investment Grants

The special item for fixed assets investment grants is released on a pro-rata basis in accordance with the useful life of the subsidized investments.

Accruals

Tax accruals include accruals for corporation tax including solidarity surcharge (k€ 267) and municipal trade tax (k€ 175).

Other accruals relate mainly to personnel commitments (k€ 1,729), clean-up and waste disposal costs (k€ 1,603), invoices outstanding (k€ 1,587) and anticipated losses from incomplete contracts (k€ 118).

Liabilities

Trade payables and other liabilities include payables to a minority shareholder of a consolidated company to the total amount of k€ 2,418.

The classification of liabilities and residual maturities including collateral provided is presented in the following schedule of liabilities:

	<u>Total Amount</u>	<u>Residual Maturities</u>			<u>Collateral Provided</u>	<u>Type of Collateral</u>
		<u>Up to 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>		
	kEUR	kEUR	kEUR	kEUR	kEUR	
Liabilities to Banks	25,644	7,501	7,355	10,788	25,644	Mortgage, Assignment as Security
Trade Payables	5,009	5,009	0	0	0	
Other Liabilities	2,563	504	2,059	0	0	
	<u>33,216</u>	<u>13,014</u>	<u>9,414</u>	<u>10,788</u>	<u>25,644</u>	

7. Disclosures on the Consolidated Income Statement

Sales Revenues

Sales revenues are classified according to geographic markets as follows:

	01.01.06 – 30.09.06		2005	
	k€	%	k€	%
Germany	19,090	35.7	21,339	34.8
Rest of Europe	28,324	52.9	34,297	55.9
North America	3,517	6.6	2,858	4.7
South America	403	0.8	123	0.2
Asia	2,363	4.4	2,720	4.4
Africa	134	0.2	346	0.6
Australia	10	0.0	0	0.0
	<u>53,841</u>	<u>100.6</u>	<u>61,683</u>	<u>100.6</u>
less				
Discounts, Bonuses	<u>-344</u>	<u>-0.6</u>	<u>-364</u>	<u>-0.6</u>
	<u>53,497</u>	<u>100.0</u>	<u>61,319</u>	<u>100.0</u>

Other Operating Income

Income from the release of the special item for fixed assets investment grants amounts to k€ 128.

8. Segment Reporting

In accordance with its internal organization and reporting structure, Nabaltec is comprised of the business units Functional Fillers and Technical Ceramics. The segment results selected for reporting purposes are Earnings before Interest and Taxes (EBIT) and Earnings before Interest, Taxes and Depreciation/Amortization (EBITDA).

In addition, a presentation according to regions for the segments Functional Fillers and Technical Ceramic is shown. Regions were defined for Germany, Rest of Europe, USA and Rest of World (RoW).

	<u>Fillers</u> 30.09.2006	<u>Ceramics</u> 30.09.2006	<u>Nabaltec</u> <u>Group</u> 30.09.2006	<u>Fillers</u> 2005*)	<u>Ceramics</u> 2005*)	<u>Nabaltec</u> <u>Group</u> 2005*)
Segments according to Units						
in k€						
Sales Revenues	34,534	18,963	53,497	28,235	17,032	45,267
Segment Results						
EBITDA	3,848	1,726	5,574	3,028	2,273	5,301
EBIT	2,849	932	3,781	1,976	1,435	3,411
Depreciation	999	794	1,793	1,052	838	1,890
Other Non-Cash Items	1,642	902	2,544	1,022	616	1,638
Assets**)	40,563	18,254	58,817	28,564	13,016	41,580
Investments in Fixed Assets	14,141	4,068	18,209	9,844	1,867	11,711
Debts	27,105	6,111	33,216	13,657	4,266	17,923
Segments according to Regions						
in k€						
Sales Revenues						
Germany	7,765	11,128	18,893	6,178	9,846	16,024
Rest of Europe	21,893	6,319	28,212	19,236	6,011	25,247
USA	2,658	833	3,491	932	529	1,461
RoW	2,218	683	2,901	1,889	646	2,535
Total	34,534	18,963	53,497	28,235	17,032	45,267
Assets**)						
Germany	20,911	18,254	39,165	21,201	13,016	34,217
Rest of Europe	0	0	0	0	0	0
USA	19,652	0	19,652	7,363	0	7,363
RoW	0	0	0	0	0	0
Total	40,563	18,254	58,817	28,564	13,016	41,580
Investments in Fixed Assets						
Germany	1,706	4,068	5,774	2,481	1,867	4,348
Rest of Europe	0	0	0	0	0	0
USA	12,435	0	12,435	7,363	0	7,363
RoW	0	0	0	0	0	0
Total	14,141	4,068	18,209	9,844	1,867	11,711

*) The disclosures on sales revenues, EBITDA, EBIT, depreciation and other non-cash items relate to the period 01.01. - 30.09.2005. The disclosures on assets, investments in fixed assets and debts relate to the 31.12.2005 balance sheet date.

**) Fixed and current assets, exclusive of liquid assets.

9. Other Disclosures

Contingencies and Other Financial Commitments

The following other financial commitments which are significant for the evaluation of the financial position are in existence:

	<u>30.09.2006</u> kEUR	<u>31.12.2005</u> kEUR
a) Commitments from Rental, Lease, Service and Consulting Agreements	6,433	7,382
thereof with a term of		
- up to 1 year	1,681	1,694
- from 1 to 5 years	4,752	5,687
- of more than 5 years	0	1

Contingencies pursuant to Section 251 in conjunction with Section 268 (7) HGB are as follows:

Liabilities from Issuance and Transfer of Bills of Exchange	k€ 0
Liabilities for Guarantees, Bill Guarantees and Cheque Guarantees	k€ 0
Liabilities from Warranty Agreements	k€ 0
Contingent Liabilities for Provision of Collateral for Third Party Liabilities	k€ 0

Investment Holdings pursuant to Section 285 No. 11 HGB:

The Company holds a 51 % stake in Nashtec Management Corporation, Texas, USA, which performs the management of Nashtec L. P., Texas, USA. The equity capital of Nashtec Management Corporation, Texas, USA, amounted to kUSD 4 as at 31 December 2005.

Annual financial statements have not been presented to date.

Moreover, the Company holds a 50.5 % direct interest in the production company Nashtec L. P., Texas, USA and 0.5 % indirect interest in the same company via Nashtec Management Corporation, Texas, USA. The partners' contributions at Nashtec L. P., Texas, USA, as at 30 September 2006 total kUSD 413, shareholders' equity kUSD -271, and the result from 1 January to 30 September 2006 kUSD -542.

Derivative Financial Instruments

In the framework of the Company's risk management system, derivative financial instruments are employed with a view to limiting the interest-rate and currency exchange risks.

Fair values are determined by independent financial services companies.

Face values and fair values of financial instruments as at 30 September 2006 are structured as follows:

The interest rate swaps expired on 30 September 2006.

Currency-Hedging Contracts

	30.09.2006		31.12.2005	
	Face value	Fair value	Face value	Fair value
	€	€	€	€
Currency forward transactions USD	1,390,061.02	56,229.74	4,361,519.28	-60,919.08
Currency forward transactions GBP	2,127,778.02	-70,288.54	697,836.71	-26,477.00

The currency hedging contracts are valued on the basis of the reference exchange rates in consideration of the respective premium or discount on the forward transaction.

Human Resources

On average, the number of personnel employed in the financial year was as follows:

	<u>Nabaltec</u>	<u>Nashtec</u>
	<u>Number</u>	<u>Number</u>
Industrial Employees	149	
Salaried Employees	86	1
Trainees	27	
Persons under Minor Employment Contracts	13	
	<u>275</u>	<u>1</u>

Management

Mr. Johannes Heckmann, Technical Managing Director
Mr. Gerhard Witzany, Commercial Managing Director

The Managing Partner, Mr. Gerhard Witzany, was granted a loan in the amount of k€ 150 with an Agreement dated 22 May 2003. The loan carries an interest rate of 5.0 % p. a. and was payable in equal annual instalments of k€ 30, beginning from 30 June 2005. A provision for early repayment at any time was agreed. The loan amount of k€ 139 outstanding as at 31 December 2005 was repaid in full in the first half of 2006.

Disclosure of the total remuneration of Management was omitted pursuant to Section 286 (4) HGB.

Significant Business Transactions with Related Parties

The following individuals are considered to be related parties:

Mr. Johannes Heckmann, Managing Director and Partner
Mr. Gerhard Witzany, Managing Director and Partner
Mr. Thomas Heckmann
Mr. Dieter Heckmann
Ms. Renate Witzany
Nashtec Management Corporation, Corpus Christi (USA)
Nashtec L.P., Corpus Christi (USA)

Nabaltec AG provided Nashtec L.P, Corpus Christi (USA) with a shareholder loan in the amount of k€ 2,803 for the start-up of business operations. The interest rate of the loan is aligned to the 3-month Libor Rate + 200 basis points. According to the planning of the Nabaltec AG Management, repayment of the loan is to begin from financial year 2008.

In the event that the capital ratio reported in future audited financial statements of the borrower should fall below 20 %, the Nabaltec AG shareholders concluded an agreement with Hypo Vereinsbank to equip the borrower with new capital without delay, in order to provide for a capital ratio of at least 20 %.

Schwandorf, 17 October 2006

Nabaltec AG

The Management

Johannes Heckmann

Gerhard Witzany