

Half-Year Report 2012  
*A world of new surfaces*

## Nanogate at a glance

The following refers to the Nanogate Group (in accordance with IFRS, figures in EUR ,000)\*

	1 <sup>st</sup> HY 2012	1 <sup>st</sup> HY 2011
Sales	18,911	14,080
Overall performance	19,496	15,070
Gross profit margin** (%)	65.3	67.0
EBITDA	2,800	1,507
EBITDA margin (%)	14.8	10.7
EBIT	1,378	543
EBIT margin (%)	7.3	3.9
EBT	820	221
Net income/loss after taxes***	544	67
Consolidated net income/loss	235	-378
Earnings per share (EUR)	0.09	-0.19
Cash flow from operating activities before tax***	1,495	589
Investments***	796	10,955****
	30.06.2012	31.12.2011
Balance sheet total	54,666	56,343
Equity	28,437	28,070
Equity ratio (%)	52.0	49.8
Cash and cash equivalents	7,731	8,957
Bank liabilities	14,201	15,512
	1 <sup>st</sup> HY 2012	1 <sup>st</sup> HY 2011
Employees (average for the year)	242	238
Sales per employee	78	59

\* The figures for the 1<sup>st</sup> HY 2012 include the equity holdings Eurogard B.V. and Nanogate Textile & Care Systems GmbH.

\*\* in relation to overall performance.

\*\*\* from continuing operations.

\*\*\*\* of which approx. EUR 10 million attributable to purchase price for Eurogard B.V.

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## Nanogate AG

A world of new surfaces

Nanogate is the leading international integrated systems provider for high-performance surfaces. We enhance materials and surfaces with new properties and mobilise the benefits of nanotechnology for companies and consumers.

**With expertise and technology from Nanogate,**

- surfaces are given new functions.
- production processes become more efficient.
- plastics are provided with additional functions.
- textiles become more powerful.
- filters and heating systems use less energy.

With help from Nanogate, products become more cost-effective, more powerful and better for the environment. With a unique technology portfolio we open up a new world of surfaces for our customers.

We add value. For our customers, for our shareholders and for society.

## Letter to the shareholders

Dear shareholders,  
customers, business partners and staff members,

Our focus on sustainable, profitable business paid off twofold in the first half of 2012. Nanogate increased its profits and improved its earnings substantially, with profitability rising faster than sales. At the same time, we are growing with sustainable and environmentally friendly applications which account for an increasing share of our sales.

Nanogate can look back on an outstanding half-year's performance in which we surpassed our own targets. Both in operational and strategic terms, we made faster progress than originally expected as a leading international integrated systems provider for high-performance surfaces. This also includes the realignment of the Group, with the parent company Nanogate now established as a technology and management holding company. Since August 2012, it has been presented to the public under the slogan 'A world of new surfaces'.

Thanks to strong demand for high-performance surfaces based on new materials, sales went up by around a third to EUR 18.9 million. Profitability improved even more sharply: EBITDA rose by 86 % to EUR 2.8 million. At 14.8 % we have nearly reached our margin goal for the full year in the first six months. EBIT and consolidated net income also improved substantially. In terms of earnings, we benefited from a better mix of products and orders, a lower fixed-cost ratio and a relative decline in research and development costs as planned, now that numerous applications have been successfully progressed to mass production after the conclusion of our innovation offensive. Nanogate's financial profile remains strong. The equity ratio and cash flow from operating activities improved again, in confirmation of the positive course of business. Cash balances fell slightly as bank debt was repaid.

In the first half of 2012, Nanogate achieved some important successes. Particularly pleasing was the operating trend towards significantly larger order volumes, which are now increasingly in the seven-figure range. Major new projects include a follow-on order from Land Rover for headlight coatings and the enhancement of visually high-quality components for use in BMW's head-up displays.

We reached two important strategic milestones. Nanogate is expanding its partnership with an international chemical and technology group; a collaboration which also includes the biggest order in the company's history with a volume in the low double-digit million range over a period of five years. In addition, we are expanding our portfolio of environmentally friendly systems to preserve resources. We launched the sale of innovative energy-efficiency coatings for use in heating systems. This now represents our entry into the volume market for heat exchangers, since our technology has already been deployed in selected series. We anticipate that production will start on the recently developed energy-efficiency coatings this year.

These four examples are typical of our positioning as a systems provider. We supply complete solutions for new surfaces and open up lucrative future markets for industry with new properties and functions. Nanogate concentrates on the four attractive sectors of Automotive/Mechanical Engineering, Buildings/ Interiors, Sport/Leisure and Functional Textiles. We are continuously expanding our market position and at the same time profit from a decisive competitive advantage. We supply visually and technologically high-quality systems and, depending on customer specifications, can cover the entire value chain. Together with our subsidiaries, we offer companies a one-stop shopping experience that is unique in the industry in terms of enhancing high-performance surfaces – from materials development to process integration and ongoing mass production.

With our earnings improving steadily, we are increasingly benefiting from the greater operational integration between our subsidiaries as well as the positioning of the parent firm as a management and technology holding company. This unprecedented combination strengthens our sales force and reduces the time-to-market for new materials and high-performance surfaces. One example is the innovative synthetic surfaces currently being produced by Nanogate and Eurogard together. Our new slogan, 'A world of new surfaces', is an impressive description of our strategic direction. We are aligning all divisions and internal processes in the company for the next growth surge. This also includes strengthening our management team with the appointment of Daniel Seibert as Chief Financial officer in May this year and through the creation of an Executive Committee, as well as reviewing options for expanding our production capacities.



Ralf Zastrau (CEO)

This good business performance is also reflected in our share price. Having started the year at EUR 16.80, the share rose considerably and reached its high for the year to date at EUR 21.80 in July. Leading banks are also confident as regards the future share performance and recommend it as a buy – with target prices of up to EUR 23.

We have our sights clearly fixed on our objective. The top priority is to improve profitability. An improved product and order mix will play an important role in achieving this goal. We are deliberately not pursuing products that do not meet our demanding earnings targets or where the risks are too high – and this strategy is paying off. For the year as a whole, we therefore expect profits to rise faster than sales. In other words, sales are forecast to go up by at least 10 %, whereas we aim to increase EBITDA by more than 30 %. The Group should then be in a position to pay a dividend. Thanks to the strong performance, we are confident of reaching our goals and of ensuring that the Group's financial position remains robust at the same time. Orders are still strong. Our success to date both confirms and motivates us in our decision to continue on our chosen path.



Michael Jung (COO)

Nanogate intends to pursue profitable growth in the medium term, too. As well as expanding our market position, especially internationally, and achieving external growth, we have high expectations of the two fast-growing application areas of innovative plastics and energy efficiency. We have already chalked up key successes here, as the sales launch of our high-performance energy-efficiency coatings shows. Both application areas are also key pillars for our goal of growing with environmentally sustainable systems and cleantech products. On the basis of this growth strategy, we aim to generate medium-term sales of more than EUR 50 million and EBITDA of at least EUR 10 million.



Daniel Seibert (CFO)

Nanogate is exceptionally well placed as a systems provider. Our recipe for success, which consists of market position, innovation, external growth and strong mass production, is the guarantee for further dynamic growth and higher profitability. Nanogate is ready for its next growth spurt.

Yours,

Ralf Zastrau (CEO)

Michael Jung (COO)

Daniel Seibert (CFO)

## Interim report



### **The Nanogate Group's performance profile**

The Nanogate Group (Nanogate) is the leading international integrated systems provider for high-performance surfaces. The Group opens up the multiple opportunities presented to companies in a wide range of industries by multifunctional surfaces based on new materials – true to its new motto, 'A world of new surfaces', agreed in August 2012. The slogan stands for the Group's promise to be a reliable partner for its customers and to bring them cutting-edge technology, rapid implementation and high-quality mass production.

Nanogate provides its customers with technologically and visually high-quality systems, equipping plastic and other surfaces with new functions and properties. To do so, the Group uses its extensive knowledge of innovative materials, including existing expertise in nanomaterials, nanosurfaces and nanostructures, as well as its many years of experience in the mass production of enhanced surfaces. The aim is to improve products and processes by means of high-performance surfaces. This is intended to increase the competitiveness and profitability of Nanogate's customers and to reap environmental benefits. With solutions and knowledge from Nanogate, companies can gain a technological advantage over their competitors.

As an integrated systems provider, the company can draw on vast experience and the full range of skills in materials development as well as in process integration and mass production. Nanogate has broad practical expertise in the fields of physical and chemical nanotechnology. Since it began operations in 1999, Nanogate has formed the central interface between the manufacturers of source materials and the suppliers of innovative industrial products, thereby enabling the efficient use of high-performance surfaces.

The Group concentrates on the target sectors Automotive/Mechanical Engineering, Buildings/Interiors, Sport/Leisure and Functional Textiles as well as on particularly fast-growing sectors such as energy efficiency and plastics. Across all sectors, the Group attaches great importance to developing and distributing environmentally friendly systems and innovative cleantech applications, whose share of total sales is set to rise dramatically in the years ahead.

The Nanogate Group consists of the parent company Nanogate AG, based in Quierschied-Göttelborn, and the consolidated portfolio companies Nanogate Industrial Solutions GmbH (NIS), Quierschied-Göttelborn, GfO Gesellschaft für Oberflächentechnik AG (GfO), Schwäbisch Gmünd, and Eurogard B.V. (EGD), Geldrop, the Netherlands, as well as Nanogate Textile & Care Systems GmbH (NTC), Quierschied-Göttelborn.

As a holding company, the parent company Nanogate AG concentrates on the strategic and operational management of the Group and its operating equity holdings. Central material development and production as well as central functions such as finance, controlling and services for all Group companies are also pooled in the management and technology holding company.

Nanogate Industrial Solutions GmbH is a wholly owned subsidiary of Nanogate AG. The company concentrates on the industrial implementation of different high-performance surfaces and on the market for metal surfaces. The focus is on innovative material systems, in particular for energy-efficiency applications, and on high-quality surfaces for the application areas Mechanical Engineering and Buildings/Interiors.

In June 2011, Nanogate completed the acquisition of 100 % of the shares in Dutch company Eurogard B.V. The company specialises in enhancing surfaces on two-dimensional components and is the global market leader in the lucrative specialist sector of coating transparent plastics. Eurogard concentrates on the Buildings/Interiors, Aviation and Automotive/Mechanical Engineering sectors.

Since 1 January 2012, the existing activities in Sport/Leisure and Functional Textiles have been pooled at Nanogate Textile & Care Systems GmbH (formerly FNP GmbH). The aim is to open up this growing market even faster.

Nanogate AG holds an equity interest of 51 % (with a call option for the remaining shares) in Gesellschaft für Oberflächentechnik AG (GfO). The technology company GfO specialises in the technical and optical enhancement of complex plastic surface geometries and has an inkjet technology that is unique in Europe.

### Key events in the first half of 2012

In January, Nanogate increased its commitment to the growing market for functional textiles and care products, pooling these activities at Nanogate Textile & Care Systems GmbH. This enables Nanogate to make better use of the potential in this area. The new company is also responsible for the strategic partnership with a well-known group working in the development and sale of innovative, energy-efficient filter systems.

Nanogate began marketing energy-efficiency coatings in the volume market in March, after all the systems had been approved by the marketing and technology partners. The main focus is on the attractive market for energy-saving heating systems. Based on the permaProtect® product line, the high-performance surface developed by Nanogate makes a sustainable contribution to the energy efficiency of heat exchangers. The outer layer protects light metals such as aluminium from corrosion and combustion residue, enabling their general use, and also keeps the efficiency of the system constant over the long term, averting an increase in energy consumption. With its new products, Nanogate provides attractive solutions for the growing demand for environmental and efficient heating methods. The energy-efficiency coatings can also be used in other applications and sectors, such as in air-conditioning modules for the automotive industry. These developments mean that Nanogate is also planning to expand its capacities, which could lead to the creation of more jobs.

In April, Nanogate reported new orders in the area of special surfaces for buildings. One of the projects is being implemented by Swiss company Kapyfract AG, a strategic partner and one of Europe's leading providers of fire protection for tunnels. Both companies also received another order for coating concrete surfaces (nanoGuard® smartCare). Together, the two projects have an aggregate volume in the six-figure euro range. Meanwhile, the strategic partnership between Nanogate and Kapyfract AG has passed another milestone: the innovative material system for coating road tunnels was approved for use in Switzerland.

In May, Nanogate announced the extension of its strategic partnership with a leading technology and chemical group. The collaboration with a big player in the market for innovative plastics also comprises the largest order in the company's history – the delivery volume is in the low double-digit million range over a period of five years. As part of this contract, Nanogate's Dutch subsidiary Eurogard B.V. will be supplying high-quality coatings for transparent plastics. These are used in numerous applications, e.g. in windows on passenger aircraft, in soundproof and safety glass and in glass panels in special-purpose vehicles.





In June, the Group – the only company from Saarland – was invited to present its new energy-efficient air-purification systems at the official residence of the German President. On 5 and 6 June, the President and the German Federal Environmental Foundation (DBU) held the fourth Environment Week at Bellevue Palace in Berlin, with 200 firms exhibiting. The innovative equipment for fine-particle filters presented there was developed by Nanogate with funding from the DBU. The energy consumption of the filters used in ventilation and air-conditioning systems is expected to fall significantly thanks to this innovative product development. It enables Nanogate to position itself once again as a sustainable company with technology that conserves resources. A pilot test is currently running in a road tunnel system.

Also in June, Nanogate announced the start of mass production of components for head-up displays for BMW. Head-up displays beam vital information, such as the vehicle's current speed, on to the wind-screen and contribute to greater road safety. The technically highly sophisticated enhancement process of Nanogate subsidiary GfO ensures the precise distribution of light and an accurate reflection in the display's optical components.

At the shareholders' meeting in June, those present elected a new member to the Supervisory Board. Dr Alain Georges succeeds Marc Faber, who resigned his seat. Oliver Schumann will remain Chairman of the Supervisory Board. The shareholders' meeting also adopted all the other proposals with large majorities: 68.4 % of share capital was represented.

The Holmenkol AG minority holding had to declare insolvency in June. This does not affect the sales and earnings targets of the Nanogate Group for 2012, as the Group had already written off the value of the investment and of loans and receivables in the financial statements for 2011. Insolvency proceedings have now been opened and all the main assets have been acquired by third parties. As write-downs have already been recognised, there is no longer any relevant risk for Nanogate.

The Sport/Leisure strategic business unit is still an important market for the Group. Nanogate has long been active in this application area itself and will continue to expand its market position. Talks are currently underway with a large number of interesting potential business partners.

In the first half of 2012, Nanogate also made preparations for its next growth phase. These include the restructuring and further professionalisation of processes and functions within the holding company and the operating subsidiaries. As part of the process, Daniel Seibert, a graduate in business management, joined the Management Board on 1 May 2012 as CFO alongside Ralf Zastrau, CEO and co-founder of the company, and Michael Jung, COO. In order to advance the integration of the Group, Nanogate also established an Executive Committee. As well as the members of the Management Board, it includes Holger Zytur, Gerd Leichner and Anthony Lucassen, the managing directors of the three subsidiaries Nanogate Textile & Care Systems GmbH, GfO AG and Eurogard B.V.

After the balance sheet date for the first half of 2012, Nanogate announced a follow-on order for car headlight coatings from a well-known automotive supplier. The new order represents an annual sales volume in the six-figure euro range. Equipped with a high-quality anti-fog coating from Nanogate, the headlights are fitted to another model from premium manufacturer Land Rover. The coating is based on the Sicralan® product family. The Group has been coating components for Land Rover since 2011. These headlights are enhanced by Nanogate subsidiary GfO. The project confirms the Group's high capacity utilisation.

### Sales and earnings position

In the first half-year, Nanogate recorded a leap in earnings following a strong business performance. Group sales increased by some 34 % to EUR 18.9 million (previous year: EUR 14.1 million). Nanogate also registered a decline in seasonal sales fluctuations. International customers were again an important sales market. The Group generated nearly half its sales revenue outside Germany. Overall performance (sales, changes in inventories, own work capitalised plus other operating income) came to EUR 19.5 million (previous year: EUR 15.1 million). As the innovation offensive is now over and the Group has been restructured, the company is now looking at the segment reporting and possible options for restructuring the segments.

The gross profit margin (in relation to overall performance) remained high at 65.3 % (previous year: 67.0 %). The slight decline stems from the costs of additional temporary staff at GfO AG due to high capacity utilisation and lower own work capitalised. The cost of materials rose to EUR 6.8 million (previous year: EUR 5.0 million); the cost of materials ratio (in relation to overall performance) went up to 34.7 % (previous year: 33.0 %) due to changes in the product mix. Given the strong performance, the personnel expenses ratio (in relation to overall performance) fell to 35.2 % (previous year: 41.4 %), whereas total personnel expenses increased slightly to EUR 6.9 million (previous year: EUR 6.2 million).

As expected, the Group's profitability improved considerably. The leap in earnings was due to a better mix of products and orders, lower expenses for research and development following the successful conclusion of the innovation offensive and a lower fixed-cost ratio. Consolidated EBITDA increased by 86 % to EUR 2.8 million (previous year: EUR 1.5 million). The Group therefore raised its EBITDA margin by nearly a third to 14.8 % (previous year: 10.7 %). Depreciation and amortisation was higher following the consolidation of Eurogard and the conclusion of the innovation offensive. Consolidated EBIT improved to EUR 1.4 million (previous year: EUR 0.5 million), nearly doubling the EBIT margin to 7.3 % (previous year: 3.9 %). Consolidated EBT went up to EUR 0.8 million (previous year: EUR 0.2 million). Consolidated net income improved by EUR 0.6 million to EUR 0.2 million (previous year: EUR -0.4 million). Earnings per share (diluted) improved to EUR 0.09 (previous year: EUR -0.19).

### Assets and financial position

In the first half of 2012, Nanogate again improved its financial position. The equity ratio rose to 52.0 % (31.12.2011: 49.8 %). Cash balances were slightly lower at EUR 7.7 million (31.12.2011: EUR 9.0 million) following scheduled and additional repayments to optimise the financing structure. As a result of repaying substantial liabilities to banks, the balance sheet total shrank to EUR 54.7 million (31.12.2011: EUR 56.3 million).

Non-current assets declined in the reporting period due to depreciation and amortisation of non-current assets, whereas current assets remained roughly stable. Inventories rose slightly to EUR 2.3 million (31.12.2011: EUR 1.9 million) and trade receivables to EUR 4.6 million (31.12.2011: EUR 3.8 million). Equity rose to EUR 28.4 million (31.12.2011: EUR 28.1 million) as the consolidated balance sheet result was slightly higher. Nanogate reduced its liabilities to banks to EUR 14.2 million (31.12.2011: EUR 15.5 million).

The strong operating performance was also reflected in the financial figures. Cash flow from operating activities in continuing operations before tax increased to EUR 1.5 million (previous year: EUR 0.6 million). Although taxes had to be paid for the first time for 2011, cash flow from operating activities in continuing operations improved by EUR 0.3 million to EUR 0.9 million (previous year: EUR 0.6 million). Cash flow from investing activities in continuing operations came to EUR -0.8 million. Last



year's figure of EUR -11.0 million was marked by the acquisition of Eurogard B.V. for a purchase price of around EUR 10 million. Cash flow from financing activities in continuing operations was EUR -1.4 million due to the capital repayments. Last year's figure of EUR 10.0 million was much higher because of the borrowing to finance the Eurogard acquisition.

### **Employees**

In the first half of 2012, the Group had an average of 242 employees (previous year: 238). This includes five apprentices. Sales per employee increased to around EUR 78,000 (previous year: EUR 59,000).

### **Risk report**

There has been no material change to the risk situation compared with that described in the annual report for 2011. In view of current developments, Holmenkol AG has been included in the consolidated financial statements for the last time and no longer constitutes a relevant risk. The Group reported on the situation there back in 2010.

### **Events after the balance sheet date**

There were no significant events after the reporting date 30.6.2012.

### **Forecast**

The pace of global economic growth is slowing and reflects increasing uncertainty about what the months ahead will bring. In July 2012, the International Monetary Fund (IMF) reduced its growth forecast slightly for 2012 and 2013 (previous forecast: April 2012). It predicts that the global economy will only grow by 3.5 % this year, instead of the 3.6 % originally expected (2011 actual: 3.9 %). For the euro area, the IMF is still projecting a decline of 0.3 %. German GDP is set to increase by 1.0 % according to the revised IMF forecast (previous: 0.6 %; 2011 actual: 3.1 %).

In the sectors relevant to Nanogate, there are the first signs of uncertainty concerning further economic developments and a possible economic downturn. Following a weak second quarter compared to the same period in the previous year, the chemical industry association (VCI) is expecting production for the full year 2012 to fall by 3 % and sales to stagnate, as prices have gone up slightly. The automotive industry association (VDA) reports strong growth for car manufacturers in Asia and America but increasing uncertainty in Western European markets. Consumer spending in the first half of 2012 rose by around 1.2 % compared to the same period last year, according to the market research firm GfK. Despite gloomier consumer sentiment this is still higher than the GfK forecast for the year, which predicts a real increase in consumer spending of about 1 % this year.

Concerns about the economy and a possible decline in output could depress companies' enthusiasm for innovation and investment. Under these circumstances, an adverse effect on Nanogate's sales potential cannot be ruled out, although the Group has a broad product range and in the automotive sector, for instance, serves the premium segment, which so far has shown the greatest resistance to the crisis. Altogether, as a provider of cross-cutting technology with a broad offering for various industries, Nanogate is only partially dependent on the business cycle and should therefore be affected rather less than most by weaker economic growth. Companies from very different industries can use high-performance and nanosurfaces to generate competitive advantages, for example by manufacturing products more cheaply and environmentally or by giving them new functions and thereby differentiating them from competing products. As an innovation partner, Nanogate enables its customers to gain a considerable competitive edge.

In the second half of 2012, Nanogate will continue its course of profitable growth, having already put in a strong performance in the first half-year with much improved profitability. New orders are coming in very satisfactorily, with new or additional products starting for the premium manufacturers Land Rover and BMW. In addition, the company received the biggest order in its history as part of the extended strategic partnership with one of the world's leading chemical and technology groups. Furthermore, the Group is reviewing options to expand capacity in view of strong demand. Nanogate intends to pursue its course of profitable growth and confirms the forecast for the financial year 2012 according to which profit should again rise faster than sales. An improved mix of orders and products, a lower fixed-cost ratio and reduced spending on research and development will contribute to a disproportionate increase in profitability. Nanogate is also banking on synergy effects from the close integration of its operating subsidiaries. Specifically, the Group is expecting a sales increase of at least 10 % and an improvement of more than 30 % in consolidated EBITDA. This would enable the company to achieve an EBITDA margin of 15 %. In addition, Nanogate is aiming to be in a position to pay a dividend in the current year.

Given the positive performance, Nanogate is reaffirming its target of generating medium-term sales in excess of EUR 50 million and an EBITDA margin of 20 %. To do so, the Group is building on three growth pillars: the development of the international market position, growing demand for systems in the particularly high-potential application areas of innovative plastics and energy efficiency as well as external growth. At the same time, the company wants to expand the revenue share of environmentally friendly systems and cleantech applications in all the sectors it addresses. With its comprehensive product and technology portfolio combined with long-standing materials expertise and a broad knowledge of mass production, Nanogate, as the leading international integrated systems provider, is well positioned for its planned expansion and further profitable growth.

Quierschied-Göttelborn, September 2012



Ralf Zastrau  
Chairman of the Management Board/CEO



Michael Jung  
Managing Director/COO



Daniel Seibert  
Managing Director/CFO



*Refined automotive component*



# Consolidated income statement of Nanogate AG

for the period 1 January to 30 June 2012

	1.1.-30.06. 2012	1.1.-30.06. 2011
	EUR ,000	EUR ,000
Sales	18,911	14,080
Change in finished goods and work in progress	108	123
Other own work capitalised	104	630
Other operating income	373	237
Cost of materials	-6,765	-4,968
Personnel expenses	-6,866	-6,243
Other operating expenses	-3,065	-2,352
<b>EBITDA</b>	<b>2,800</b>	<b>1,507</b>
Amortisation of intangible assets and depreciation of property, plant and equipment	-1,422	-964
<b>EBIT</b>	<b>1,378</b>	<b>543</b>
Financial income	11	49
Financial expenses	-569	-371
<b>Earnings before taxes (EBT)</b>	<b>820</b>	<b>221</b>
Income taxes	-276	-154
<b>Net income/loss after taxes from continuing operations</b>	<b>544</b>	<b>67</b>
Net income/loss after taxes from discontinued operations	0	-120
Net income/loss attributable to non-controlling interests	-309	-325
<b>Net income/loss attributable to equity providers (consolidated net income/loss)</b>	<b>235</b>	<b>-378</b>
<b>Earnings per share (EUR)</b>		
Earnings per share, basic (EUR)	0.09	-0.19
<i>of which from continuing operations</i>	0.09	-0.16
<i>of which from discontinued operations</i>	0.00	-0.03
Earnings per share, diluted (EUR)	0.09	-0.19
<i>of which from continuing operations</i>	0.09	-0.16
<i>of which from discontinued operations</i>	0.00	-0.03
<b>Weighted average no-par-value bearer shares</b>		
Basic	2,478,229	1,942,639
Diluted	2,485,454	1,959,076

## Consolidated statement of comprehensive income of Nanogate AG

for the period 1 January to 30 June 2012

	1.1.-30.06.2012	1.1.-30.06.2011
	EUR ,000	EUR ,000
<b>Net income/loss after taxes</b>	<b>544</b>	<b>-53</b>
<i>of which attributable to non-controlling interests</i>	309	325
<i>of which attributable to shareholders of Nanogate AG</i>	235	-378
<b>Changes in value recognised in equity</b>		
Revaluation of intangible assets and property, plant and equipment	-	-
Cash flow hedges	-	-
Financial assets available for sale	-	-
Actuarial gains and losses from defined-benefit pension commitments and similar obligations	-	-
Foreign currency translation	-	-
Other changes in value recognised in equity	-	-
<b>Total changes in value recognised in equity</b>	<b>-</b>	<b>-</b>
<i>of which attributable to non-controlling interests</i>	-	-
<i>of which attributable to shareholders of Nanogate AG</i>	-	-
<b>Total of net income/loss after taxes and changes in value recognised in equity</b>	<b>544</b>	<b>-53</b>
<i>of which attributable to non-controlling interests</i>	309	325
<i>of which attributable to shareholders of Nanogate AG</i>	235	-378

## Consolidated statement of financial position of Nanogate AG

as at 30 June 2012

<i>Assets</i>	30.06.2012	31.12.2011
	EUR ,000	EUR ,000
<b>Non-current assets</b>		
Intangible assets	18,351	18,592
Property, plant and equipment	16,691	17,172
Investments accounted for using the equity method	-	-
Trade receivables	0	10
Financial assets	199	1,065
Other assets	19	19
Deferred tax assets	4,155	4,089
	39,415	40,947
<b>Current assets</b>		
Inventories	2,265	1,917
Trade receivables	4,589	3,776
Financial assets	67	85
Other assets	573	636
Income tax receivables	26	25
Cash and cash equivalents	7,731	8,957
	15,251	15,396
	54,666	56,343
<i>Equity and liabilities</i>	30.06.2012	31.12.2011
	EUR ,000	EUR ,000
<b>Equity</b>		
Subscribed capital	2,478	2,478
Capital reserves	12,480	12,468
Retained earnings	1,460	1,649
Consolidated balance sheet result	9,571	9,336
Non-controlling interests	2,448	2,139
	28,437	28,070
<b>Non-current liabilities</b>		
Pension provisions	737	754
Provisions	324	313
Financial liabilities	12,309	13,192
Other financial liabilities	950	1,005
Other liabilities	531	583
Deferred tax liabilities	3,574	4,035
	18,425	19,882
<b>Current liabilities</b>		
Provisions	1,055	948
Financial liabilities	1,892	2,320
Trade payables	2,078	1,868
Other financial liabilities	317	841
Other liabilities	1,952	1,802
Income tax liabilities	510	612
	7,804	8,391
	54,666	56,343

## Consolidated statement of cash flows of Nanogate AG

for the period from 1 January to 30 June 2012

	1.1.-30.6.2012	1.1.-30.6.2011
	EUR ,000	EUR ,000
Earnings before taxes	820	221
Amortisation and depreciation of intangible assets and property, plant and equipment	1,422	964
Increase/decrease in provisions	97	-44
Profit/loss from the disposal of non-current assets	22	-
Other non-cash income and expenses	113	68
Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-664	-1,328
Decrease/increase in trade payables and other equity and liabilities that cannot be allocated to investing or financing activities	-315	708
<b>Cash flow from operations before tax from continuing operations</b>	<b>1,495</b>	<b>589</b>
Income tax payments	-599	-1
<b>Cash flow from operating activities from continuing operations</b>	<b>896</b>	<b>588</b>
Cash flow from operating activities from discontinued operations	-	192
<b>Cash flow from operating activities</b>	<b>896</b>	<b>780</b>
Proceeds from the disposal of property, plant and equipment	62	-
Payments for investments in intangible assets	-121	-458
Payments for investments in property, plant and equipment	-637	-372
Payments for investments in financial assets	-100	-10,125
<b>Cash flow from investing activities from continuing operations</b>	<b>-796</b>	<b>-10,955</b>
Cash flow from investing activities from discontinued operations	-	-155
<b>Cash flow from investing activities</b>	<b>-796</b>	<b>-11,110</b>
Proceeds from the raising of loans	-	11,805
Payments from the redemption of loans	-1,356	-1,789
<b>Cash flow from financing activities from continuing operations</b>	<b>-1,356</b>	<b>10,016</b>
Cash flow from financing activities from discontinued operations	-	-196
<b>Cash flow from financing activities</b>	<b>-1,356</b>	<b>9,820</b>
Change in cash and cash equivalents from continuing operations	-1,256	-351
Change in cash and cash equivalents from discontinued operations	-	-159
Changes in cash and cash equivalents caused by changes in the companies included in the consolidated financial statements	30	-
Cash and cash equivalents at the beginning of the period	8,957	4,067
<b>Cash and cash equivalents at the end of the period</b>	<b>7,731</b>	<b>3,557</b>
Interest income payments*	10	7
Interest expenses payments*	-413	-274
Dividends paid/received	-	-

\* from continuing operations

## Consolidated statement of changes in equity of Nanogate AG

for the period 1 January to 30 June 2012

	Subscribed capital	Capital reserves	Retained earnings	Consolidated balance sheet result	Parent company interests	Non-controlling interests	Consolidated equity
	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000
<b>As at 1.1.2012</b>	2,478	12,468	1,649	9,336	25,931	2,139	28,070
Change in Group companies / companies included in the consolidated financial statements							
Initial consolidation of a subsidiary not previously consolidated for reasons of materiality	-	-	-189	-	-189	-	-189
Share options granted	-	12	-	-	12	-	12
Consolidated net income/loss 1.1.–30.6.2012	-	-	-	235	235	309	544
<b>As at 30.6.2012</b>	2,478	12,480	1,460	9,571	25,989	2,448	28,437
<b>As at 1.1.2011</b>	1,905	14,827	1,649	2,688	21,069	2,958	24,027
Capital increase from authorised capital for contribution in kind (registered on 24.3.2011)	38	552			590		590
Equity fundraising costs		-69			-69	-	-69
Share options granted	-	11	-	-	11	-	11
Consolidated net income/loss 1.1.–30.6.2011	-	-	-	-378	-378	325	-53
<b>As at 30.6.2011</b>	1,943	15,321	1,649	2,310	21,223	3,283	24,506

## Notes to the consolidated financial statements of Nanogate AG

The consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity as of 30.6.2012 for Nanogate AG have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting principles and methods used have not changed from the 2011 financial statements (IFRS). The figures have not been audited. The consolidated figures for Nanogate AG include those of Nanogate Industrial Solutions GmbH (fully consolidated), GfO AG (fully consolidated) and, for the first time, of Nanogate Textile & Care Systems GmbH (fully consolidated following internal restructuring) and Eurogard B.V. (Geldrop, Netherlands, fully consolidated). Holmenkol AG was presented in the previous year under discontinued operations. All figures presented in euros are in units of one thousand euros (EUR ,000) or one million euros (EUR million).

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