

Half-Year Report 2013

A world of new surfaces

Nanogate Group at a glance

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

	1 st HY 2013	1 st HY 2012
Sales	24,188	18,911
Overall performance	26,441	19,496
Gross profit margin (in %, of overall performance)	66.5	65.3
EBITDA	2,974	2,831
EBIT	1,109	1,409
EBT	662	851
Consolidated net income/loss	517	246
Earnings per share (EUR, basic)	0.19	0.10
	30.06.2013	31.12.2012
Balance sheet total	71,196	60,641
Equity	30,250	33,542
Equity ratio (%)	42.5	55.3
Cash and cash equivalents	10,462	11,653
	1 st HY 2013	1 st HY 2012
Cash flow from operations before tax*	219	1,560
Cash flow from investing activities	-3,189	-796
Employees (average for the year)	345	242
Sales per employee	70	78

* Cash flow from operating activities has been affected by high integration costs and the construction of the glazing centre of excellence for the new subsidiary Plastic-Design GmbH to the tune of EUR -1.4 million.

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A world of new surfaces

NANOGLATE AG – A WORLD OF NEW SURFACES®

Nanogate is a leading international integrated systems provider for high-performance surfaces. We give materials and surfaces new properties and improve our customers' competitiveness. Both businesses and consumers benefit from the advantages of multifunctional surfaces.

With expertise and technology from Nanogate,

- surfaces are given new functions.
- production processes become more efficient.
- textiles become more powerful.
- plastics are given new properties.
- heating systems use less energy.

With help from Nanogate, products become more cost-effective, more powerful and better for the environment. With a comprehensive technology portfolio, we open up a new world of surfaces for our customers based on new materials. As an innovation partner, Nanogate offers its customers unique systems expertise – from materials development to mass production.

We add value. For our customers, our shareholders and our employees as well as for the environment and society.

Letter to shareholders

Dear shareholders,
customers, business partners and staff members,

Nanogate is making greater progress than expected in implementing its growth strategy. We have been successfully tapping into new markets, meaning that there has been a significant rise in incoming orders, as a whole raft of new projects demonstrates. As a result, we are expanding our capacities at a much faster pace than was originally planned at the start of the year. As with incoming orders, we experienced particularly brisk demand in current operating business for the first half of the year. From both a strategic and operational perspective, Nanogate can look back on the best first half-year in the history of the company.

In view of the pleasing business performance and high capacity utilisation, sales in the first six months of 2013 climbed by almost 30 per cent to a new record high of EUR 24.2 million. Despite the use of funds to open up new markets, integrate our newly acquired (2012) subsidiary Plastic-Design and to increase capacity, consolidated EBITDA rose to EUR 3.0 million, which equates to a consolidated EBITDA margin of 12.3 per cent. Consolidated net income increased to EUR 0.5 million. The consolidated financial statements have been prepared on the assumption that an extraordinary shareholders' meeting will approve the profit and loss transfer agreement with GfO AG. Given the significant financial benefits to the Group, we expect our shareholders to grant their approval. With cash reserves of EUR 10.5 million, which have also come from a new, low-interest loan, Nanogate is financially equipped to implement its ambitious growth strategy.

For the first time, the Group's shareholders have been able to participate in the company's success. The shareholders' meeting agreed to the proposal to pay a dividend of EUR 0.10 per share for the 2012 financial year, and in this way we would like to express our gratitude to our shareholders for their confidence. Through our cautious dividend policy we are safeguarding the company's financial position in order to finance our plans for further growth.

Nanogate made considerable progress in a number of areas in the course of the year so far:

- The Group improved its strategic positioning and its sales potential. Back in January, Nanogate increased its share in Plastic-Design GmbH. In GfO AG, too, we increased our equity holding in the first half of the year and then subsequently signed a profit and loss transfer agreement. Our new subsidiary Nanogate Glazing Systems B.V. also began production.
- In March, production started for the company's largest order to date. We have been commissioned to supply high-quality, glossy plastic components with a so-called piano-black finish for use in vehicles made by a German premium manufacturer. The order, which is to run for a number of years, has a sales volume in the double-digit million range and reaffirms our expertise in glazing applications, which we market under the Nglaze® brand. We also received further orders for multi-functional plastics with glass-like properties – for example, Nanogate is now making enhanced and moulded window panes for a new, special-purpose forestry vehicle. Glazing components made from innovative plastics can often replace glass or metal, are much lighter and enable new design concepts.
- Incoming orders were pleasing. For the first time, Nanogate has been acting as a direct supplier to the automotive industry. As a tier 1 partner, we supply plastic panels to Volkswagen. In the area of energy efficiency, yet another company has placed its trust in our technology for energy-efficient heating: August Brötje GmbH from the BDR Thermea Group, one of the world's leading manufacturers of heating systems. Furthermore, we entered into a strategic partnership with the international sports brand FILA in order to boost our sales potential in the area of sport and leisure. In the field of

functional textiles, the company is equipping several factories belonging to an industrial company with high-performance filter systems.

In the course of implementing our ongoing strategy programme, we have achieved major goals in the fourth phase of growth since our foundation. As announced, we have expanded our international business activities as well as our technology portfolio and production capacities on an ongoing basis, as is evident by the current work on setting up the integrated centre of excellence for glazing applications. Each of these steps contribute to our growth and bring us much closer to our stated medium-term goal of achieving annual sales of EUR 50 million. As a result, we are currently in the process of developing growth scenarios for the next phase of the company. Not only does this include the continued expansion of our international market position, but it also means focusing on new systems and applications in our two strategic growth areas of innovative plastics and energy efficiency. In addition, our customers are becoming increasingly interested in innovative, optically high-quality solutions based on high-quality metal coatings. Nanogate will step up its activities in opening up this application area over the next few months. Additional takeovers and investments, done selectively, also count as part of our growth options, provided potential acquisitions satisfy our stringent requirements.

Our strong performance in the first half of the year in a challenging market environment is confirmation of our direction and our growth potential. We therefore expect that we will be able to achieve double-digit growth in sales again for the full-year 2013. However, considerable resources and investment are required to implement our strategy, such as to open up new markets, to expand capacity – as with the integrated centre of excellence for glazing applications – and to integrate our new subsidiary Plastic-Design GmbH. Despite the significant level of funds and investments being made, the Group has increased its earnings forecast in view of the good business performance and now expects operating results (EBITDA) to be at least equivalent to those of the previous financial year. The aim is to broaden the sales base for future growth in income.

The increasing success of the Group is also reflected in its greater value on the stock exchange: at one point, the share price broke the EUR 30 barrier. We have also been improving financial communication in step with the course of growth, which means that four equities analysts have been observing the company since the beginning of the year.

As a leading international integrated systems provider for high-performance surfaces, our goals are to develop our position in the market on a continual basis, to achieve economies of scale and improve profitability over the long term. We have made a great deal of progress this year already and have come much further than originally planned. We will build on this in the coming quarters.

Yours,



Ralf Zastraub (CEO)



Michael Jung (COO)



Daniel Seibert (CFO)



Ralf Zastraub (CEO)



Michael Jung (COO)



Daniel Seibert (CFO)

Group Half-Year Report of Nanogate AG

The Nanogate Group's performance profile

The Nanogate Group (Nanogate) is a leading international integrated systems provider for high-performance surfaces. The Group opens up the diverse possibilities of multifunctional surfaces based on new materials for companies in a wide range of industries. With its slogan, 'A world of new surfaces', the Nanogate Group reinforces its aspiration of using intelligent surfaces to give products a competitive edge and help companies generate additional value. It 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, metal and other surfaces with new functions and properties (for example, making them non-stick, antibacterial, anti-corrosive, scratchproof, chemically stable or protected from exposure to the elements). 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 multifunctional surfaces for two and three-dimensional components. The aim is to improve products and processes by means of multifunctional 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 – and to this end, the Group adopts the approach of serving its customers as a long-term innovation partner.

As an integrated systems provider, the company can draw on vast experience and a diverse array of skills in materials development as well as in process integration and mass production. It covers the entire value chain, from the purchase of raw materials, to the synthesis and formulation of the material systems, right through to the enhancement and production of the finished surfaces. Since the end of 2012, the Group has also been in the position to carry out the integrated manufacture of complex glazing systems, which are marketed under the Nglaze® brand. Nanogate can draw on a comprehensive portfolio of technology platforms and processes when developing new applications for various substrates that then go into mass production. Its enhancement of multifunctional surfaces is founded on its extensive expertise in the area of new materials, in particular with regard to 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 based on new materials.

The Group concentrates on the target sectors automotive/mechanical engineering, buildings/interiors, sport/leisure and functional textiles as well as on energy efficiency and innovative plastics, which are sectors with especially high volumes, profit margins and growth rates. One example of this is its glazing systems that involve coloured or transparent, multifunctional, glazed plastics with glass-like properties. Across all sectors, the Group attaches great importance to developing and distributing environmentally friendly systems and cleantech applications, whose share of total sales is set to rise significantly in the years ahead.

The Group is divided into two segments, namely Base Technologies and Advanced Technologies. Base Technologies comprises much of the Group's existing portfolio of conventional applications, such as those in the areas of sport/leisure and buildings/interiors. The Advanced Technologies segment brings together all of the systems in the areas boasting especially strong growth and which have now been the focus of the Group's activities for a number of years. The Group anticipates strong growth and earnings potential in this segment, after having made considerable efforts to develop new systems in recent years as part of a broad innovation drive. These include the areas of energy efficiency, such as energy-efficient

heat exchangers and air filters, and innovative plastics, such as plastics with glass-like properties from the Nglaze® brand. A large proportion of the Group's investments have also been poured into these areas in recent years, albeit without neglecting the competitiveness of the Base Technologies segment.

The Nanogate Group consists of the parent company Nanogate AG, based in Quierschied-Göttelborn, and the fully consolidated portfolio companies Nanogate Industrial Solutions GmbH (NIS), Quierschied-Göttelborn, GfO Gesellschaft für Oberflächentechnik AG (GfO), Schwäbisch Gmünd, and Eurogard B.V., Geldrop, the Netherlands, as well as Nanogate Textile & Care Systems GmbH (NTCS), Quierschied-Göttelborn, and Plastic-Design GmbH, Bad Salzuflen. Furthermore, the new subsidiary Nanogate Glazing Systems B.V., based in Geldrop, the Netherlands, began operations this year.

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, process integration and high-quality surfaces for the Buildings/Interiors application area.

Since 2011, Nanogate has held all of the shares in the Dutch 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.

The existing activities in sport/leisure and functional textiles have been pooled at Nanogate Textile & Care Systems GmbH. The aim is to open up this growing market even faster.

In the first half of the year, Nanogate AG increased its existing equity holding in Gesellschaft für Oberflächentechnik AG (GfO) from 51 % to 75 % plus one share, and also has the option to purchase the remaining shares. Furthermore, a profit and loss transfer agreement was concluded (see also notes to the consolidated financial statements, page 21). GfO specialises in the technical and optical enhancement of complex plastic surface geometries and has an inkjet technology that is unique in Europe.

In January 2013, Nanogate increased its equity holding in Plastic-Design GmbH in Bad Salzuflen to 76 %, following its acquisition of a 35 % equity holding in the previous year. Subsequent to the increase in the equity holding, Plastic-Design will be fully consolidated. As part of this transaction, the equity of the subsidiary was also increased. Nanogate also has an option on acquiring the remaining shares. Plastic-Design is one of Europe's leading plastics processors and has a proprietary technology portfolio for optically sophisticated components. It is also considered to be a trailblazer in the growth market of glazing. Among the biggest customers today are well-known car manufacturers, mostly from the premium segment. An integrated centre of excellence is currently being established at Plastic-Design's headquarters in Bad Salzuflen for highly sophisticated glazing and plastic applications, and is due to commence operations this year. This centre of excellence will enable Nanogate to offer the integrated development, production and subsequent enhancement of transparent and coloured glazing components in one location. With this new investment, the Group is expanding its value chain and is now able to manufacture its own high-quality, complex plastic components for the first time. The company is currently undergoing a process of transformation and will be integrated into the Group.

Nanogate sees considerable opportunities for growth in the market for multifunctional plastics with glass-like properties, both in the automotive sector and in other areas of application. This is because they

can replace glass as a material and offer greater scope for designing high-quality components. They also allow for a substantial reduction in weight, one of the benefits of which can be lower fuel consumption. In glazing, Nanogate anticipates a relevant market potential in the three-figure million euro range.

Nanogate Glazing Systems B.V., based in Geldrop, the Netherlands, was newly established and started operating in June. The wholly owned subsidiary focuses on the production, enhancement and moulding of flat glazing components (2D). The new subsidiary therefore complements the existing Nanogate equity holdings GfO and Plastic-Design, which focus on high-performance applications for glazing components (3D). Consequently, the Group possesses the expertise to produce and enhance flat and multidimensional components made from plastic with glass-like properties.

Key events in the first half of 2013

In the first half of the 2013 financial year, Nanogate strengthened its sales base with a number of large orders. At the same time, the Group's structure was enlarged and additional growth potential created with the new subsidiary Nanogate Glazing Systems B.V. and the increase of its stake in its existing equity holdings GfO AG (including a profit and loss transfer agreement, see also 'notes to the consolidated financial statements', page 21) and Plastic-Design GmbH (see also the section entitled 'The Nanogate Group's performance profile', page 6). Furthermore, the Group continued to open up new markets, notably in the two strategic growth areas of energy efficiency and innovative plastics. This includes the introduction of the 'Nglaze®' umbrella brand, which is being used to implement a Group-wide branding and sales concept for glazing applications. In addition to this, the Group is continuing to expand its production and coating capacities, with planned investments being brought forward in some cases.

In its operating business, particularly in the strategic growth areas of innovative plastics and energy efficiency, the company saw strong demand. In March 2013, production began on the company's largest ever order to date in the area of innovative plastics. The project involves Nanogate supplying black design elements in a high-gloss, glazed, piano-black finish for vehicle exteriors, particularly those produced in the premium segment. The components are given glass-like properties and many years of protection against scratches thanks to a special method to process plastics and the subsequent enhancement with a multifunctional high-performance surface. The order, which is to run for several years, has a sales volume in the double-digit million range. Sales in the seven-digit euro range are already expected in the course of this year during the start-up phase.

In the area of 2D glazing, the operating business of the new subsidiary Nanogate Glazing Systems commenced mass production of moulded and enhanced window panes for a new, special-purpose forestry vehicle. These panes are much lighter compared with glass and make it possible to implement entirely new design and safety concepts as well as being particularly resistant to breakage. The Group was able to agree another strategic partnership in the area of buildings/interiors thanks to its glazing expertise. As part of this cooperation with an existing customer, Nanogate will supply enhanced building components. This will generate a double-digit million amount and run over four years.

The Group was also able to make progress in its second strategic growth area of energy efficiency, as yet another company, August Brötje GmbH, part of the BDR Thermea Group and one of the world's leading manufacturers of heating systems, has placed its trust in Nanogate's technology for energy-efficient heating. The new order will generate sales in the seven-figure range and is already set to make a significant contribution to sales and earnings in this financial year. Nanogate will therefore exceed the million euro mark in sales of energy-efficient coatings in 2013, instead of from 2014 as originally expected. Innovative energy-efficient coatings make it possible to build heat exchangers that are very compact or made from aluminium. Nanogate's enhancement ensures that the efficiency of the enhanced heat exchanger remains constant for as long as possible, that there are longer maintenance intervals and that the useful life is extended. The multifunctional coating also stops fumes from polluting the heating

system, as is the case in conventional systems, and thus prevents the corrosion of aluminium heat exchangers. Nanogate saw considerable interest in its systems at the leading industry fair, ISH, in Frankfurt am Main in March.

The company is set to benefit from a new, long-term and exclusive partnership with the international sporting goods brand FILA in the area of sport/leisure. The licensing agreement, extending over several years, comprises high-performance, multifunctional care systems for high-tech materials used in shoes and textiles.

In view of the good operating performance of the companies within the Nanogate Group, Nanogate AG's net income from investments (separate financial statements pursuant to the German Commercial Code [HGB]) and the positive outlook for business, the Management Board and the Supervisory Board proposed for the first time that a dividend be paid for the 2012 financial year. The shareholders' meeting in June approved the proposal to pay out EUR 0.10 per share with an overwhelming majority. Through a cautious dividend policy, the Group intends to safeguard the company's financial position in order to finance the plans for further growth. The shareholders' meeting also newly elected Katrin Wehr-Seiter to the Supervisory Board. She succeeds Dr Alain Georges, whose rotation on the board ended as planned. The company announced back at the beginning of May that the contract with Ralf Zastrau, Chairman of the Management Board, would be extended until March 2017.

Following the balance sheet date of 30 June 2013, Nanogate continued its dynamic business development. At the beginning of July, the company announced that it will supply high-performance filter systems for several factories belonging to a leading European industrial group. The agreement, with a sales volume in the six-digit euro range, covers both the initial supply of the factories and the regular replacement of the filter media. Also in July, Nanogate landed its first order as a direct supplier (tier 1 status) for the automotive industry. The Group will provide Volkswagen with optically high-quality veneers made from innovative plastics with a piano-black finish. They will be used as part of high-quality design elements in a vehicle with high production numbers in the family car class. Nanogate is currently preparing for the start of production, which involves a significant amount of investment and use of funds. The first plastic components are due for delivery in 2014. The project, which extends over several years, has a sales volume in the double-digit million range.

In August, Nanogate announced a major order for design-oriented metal enhancements. The Group is to enhance optically high-quality ceiling elements for a building complex on the Arabian peninsula. The sophisticated stainless-steel ceiling elements are given an optically high-quality, high-performance enhancement, which satisfies the most demanding design requirements and contributes to a significant increase in the value of the surface. In spite of ongoing investment, this order – with a sales volume in the seven-figure euro range – will have a positive impact on the Group's sales and earnings performance in the current financial year. The project will be carried out by the subsidiary GfO AG and confirms the high quality of the 'advanced metals' application area.

Series production to enhance six different glazing components for a new Porsche SUV began in September. The Nglaize® order represents an annual sales volume in the upper six-figure euro range. At its site in Schwäbisch Gmünd, Nanogate's equity holding, GfO AG, will enhance optically high-quality door panels for the A, B and C pillars of the new premium SUV, which will be launched in 2014.

Sales and earnings position

Nanogate concluded a profit and loss transfer agreement with the remaining shareholders of the subsidiary GfO AG (see also 'notes to the consolidated financial statements', page 21). The arrangement applies retroactively from 1 January 2013. As a result, the interim financial statements have already been prepared on the assumption that an extraordinary shareholders' meeting of Nanogate AG (scheduled for 6 November 2013) will approve the profit and loss transfer agreement and that it will take effect upon

GfO AG being entered in the commercial register. In view of the considerable financial benefits brought by the agreement, the company expects to receive approval from the shareholders (please refer to the Notes on page 21 for corresponding statements in the unlikely event of the agreement being rejected by the shareholders' meeting). Furthermore, as a result of a change in accounting guidelines pursuant to IAS 19 regarding pension obligations, the values from the previous year have been adjusted.

In a challenging economic environment, Group sales in the first half of the year rose considerably by around 28 % to EUR 24.2 million (previous year: EUR 18.9 million). The increased volume of business was the result of strong demand in all target markets and an improved order and product mix, together with consolidation effects. The company's international business continued to be a key pillar for the Group. Overall Group performance (sales, changes in inventories, own work capitalised plus other operating income) increased to EUR 26.4 million (previous year: EUR 19.5 million). This is also the result of changes in inventories following the first-time consolidation of Plastic-Design GmbH and higher own work capitalised.

The cost of materials came to EUR 8.9 million (previous year: EUR 6.8 million), corresponding to a cost-of-materials ratio (in relation to overall performance) of 33.5 % (previous year: 34.7 %). Consequently, the gross profit margin (in relation to overall performance) improved in the first half of the year to 66.5 % (previous year: 65.3 %). Personnel expenses came to EUR 9.3 million (previous year: EUR 6.8 million), primarily as a result of the first-time full consolidation of Plastic-Design GmbH, corresponding to a personnel expenses ratio (in relation to overall performance) of 35.4 % (previous year: 35.1 %).

The Group's earnings position is characterised on the one hand by the strong business performance, and on the other by the use of significant levels of funds for opening up new markets and integration. Despite these negative effects, consolidated EBITDA rose to EUR 3.0 million (previous year: EUR 2.8 million), corresponding to a consolidated EBITDA margin of 12.3 %. Depreciation and amortisation increased, primarily as a result of the first-time consolidation of Plastic-Design GmbH as well as investments, to EUR 1.9 million (previous year: EUR 1.4 million). Given the costs associated with implementing the growth strategy, consolidated EBIT came to EUR 1.1 million (previous year: EUR 1.4 million), corresponding to a consolidated EBIT margin of 4.6 %. Pre-tax earnings (consolidated EBT) amounted to EUR 0.7 million (previous year: EUR 0.9 million) in the first half of the year. Consolidated net income increased to EUR 0.5 million (previous year: EUR 0.3 million). Earnings per share were EUR 0.19 (diluted; previous year: EUR 0.10).

Assets and financial position

As a result of the highly positive business performance and despite the course of growth being pursued, the Group is in a strong financial position. Cash and cash equivalents came to EUR 10.5 million at the balance sheet date (31.12.2012: EUR 11.7 million). The Group also benefited from a new, low-interest loan in the double-digit million range, which has already been partly drawn down. The arrangement with several credit institutions was made with the involvement of KfW. The equity ratio was around 42.5 % (31.12.2013: 55.3 %), mainly due to the first-time consolidation of Plastic-Design GmbH.

The company's balance sheet total increased to EUR 71.2 million due to consolidation changes (31.12.2012: EUR 60.6 million). Non-current assets amounted to EUR 46.8 million (31.12.2012: EUR 42.8 million) and intangible assets to EUR 24.4 million (31.12.2012: EUR 17.8 million). The increase in inventories as well as trade receivables is primarily attributable to the first-time consolidation of Plastic-Design GmbH.

Following the increase in the equity holdings in GfO AG and Plastic-Design GmbH, equity fell to EUR 30.3 million (31.12.2012: EUR 33.5 million). The rise in liabilities to banks to EUR 19.3 million (31.12.2012: EUR 13.3 million) is the result of the partial drawdown of the new, low-interest credit line.

Based on the cash inflow from the new financing, net debt came to EUR 8.8 million as at 30 June 2013 (30.6.2012: EUR 6.5 million).

Cash flow from operating activities before income taxes was positive at EUR 0.2 million (previous year: EUR 1.6 million). It has been affected by high integration costs and the construction of the glazing centre of excellence for the new subsidiary Plastic-Design GmbH to the tune of EUR -1.4 million. Cash flow from investing activities of EUR -3.2 million (previous year: EUR -0.8 million) reflects the increase in the equity holding in Plastic-Design GmbH as well as the ongoing investments in technology and capacities. The first tranches of the new credit line, the scheduled repayment of existing loans and the first ever dividend payment of EUR 0.10 per share as well as the increase in equity held in GfO AG made an impact on the cash inflow from financing activities.

Employees

In the first half of 2013, the Group had an average of 345 employees (previous year: 242). This includes ten apprentices (previous year: five). The number of employees increased mainly as a result of the first-time full consolidation of Plastic-Design GmbH. Sales per employee amounted to around EUR 70,110 (previous year: EUR 78,000).

Risk and opportunities report

There has been no material change to the risk and opportunities profile compared with that described in the annual report for 2012.

Events after the balance sheet date

The number of shares held by Nanogate AG increased by 26,086 to 2,710,571 following a capital increase for subscription in kind as part of increasing the equity holding in GfO AG and from new shares resulting from the exercising of share options. At the end of September, Nanogate acquired Sarastro GmbH as part of consolidation in the industry. The company specialises in hygienic surface enhancements with customers such as Siemens and Phonak. The owner-run technology company recorded total revenue in the mid-six figure euro range last year. Sarastro GmbH, in which Nanogate is already a silent partner, received the industry prize in the medical technology category in 2012 (an award presented during the Hanover fair). Technology, products and customer relationships will be fully integrated into the Group's operating business.

Forecast

The global economy continues to grow, albeit at a slower pace. The International Monetary Fund (IMF) cut its forecast for global economic growth to 3.1 % in July 2013, after having originally expected an expansion of 3.3 % in April. The forecast for Germany was lowered to 0.3 % (April: 0.6 %). As far as the euro area is concerned, the economy here is now expected to contract by 0.6 % (April: -0.4 %).

The environment relevant to Nanogate is experiencing a mixed performance. Although production and sales in the chemical industry stagnated in the first half of the year, the industry association VCI still forecasts growth of 1.5 % respectively for the year as a whole. In contrast to this, the VDMA industry association has since cut its forecast for engineering to a contraction of 1 % after having originally expected growth of 2 %. Although sales in the automotive industry will continue to rise worldwide by around 2 %, according to a forecast by the industry association VDA, they are expected to fall by 5 % in western Europe (referring to car sales). However, German premium manufacturers, which are of particular importance to Nanogate, continue to at least report strong demand. According to GfK market researchers, private consumption will increase by 1 % in real terms, as expected.

Despite the persistently difficult underlying economic conditions and the repercussions of the sovereign debt crisis in many countries, Nanogate continues to be on course for growth. Numerous major orders, such as those from Volkswagen, Porsche, August Brötje GmbH and the exclusive partnership with the

international sports brand FILA, confirm the company's good strategic position and the unwaveringly high demand for multifunctional high-performance surfaces. The order base in the double-digit million range has risen again and safeguards the Group's business. Nanogate is already able to reliably assess business performance in the coming quarters. Utilisation remains high, which means that Nanogate will continue to expand its capacities – such as by building an integrated centre of excellence for glazing applications and plastic applications. As part of its growth strategy, the Group is currently making considerable investments, such as in new machinery, and is making a significant amount of funds available for opening up new markets, quality management and processes as well as for the integration and transformation of the new subsidiary Plastic-Design GmbH. In some cases, measures are being implemented earlier than originally planned.

Nanogate therefore expects that it will be able to achieve double-digit growth in sales again for the full-year 2013. Despite the significant level of funds and investments being made, the Group has increased its earnings forecast in view of the good business performance and now expects operating results (EBITDA) to be at least equivalent to those of the previous financial year. The aim is to broaden the sales base for future growth in income.

As a leading international integrated systems provider for high-performance surfaces, Nanogate believes that it is well equipped to benefit from the increasing demand for multifunctional enhancements. The company has a growing order base in the double-digit million range, a stable international customer base, a comprehensive technology portfolio and is in a strong financial position. The Group is experiencing strong growth in all of its target industries, particularly in the two strategic growth areas of innovative plastics and energy efficiency. Furthermore, the company is seeing considerable interest in innovative, optically sophisticated solutions based on high-quality metal coatings for stainless steel, for example – these increasingly complement previous products for enhancing plastic surfaces. The Group will step up its activities in opening up this application area over the next few months with new solutions and technologies. Nanogate is pursuing an ambitious strategy programme in order to continually boost sales and profitability.

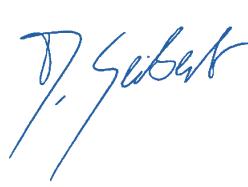
Quierschied-Göttelborn, September 2013



Ralf Zastrau
Chief Executive Officer



Michael Jung
Chief Operating Officer



Daniel Seibert
Chief Financial Officer

Consolidated income statement of Nanogate AG

for the period from 1 January to 31 June 2013

	01.01.-30.06. 2013	01.01.-30.06. 2012
	EUR ,000	EUR ,000
Sales	24,188	18,911
Change in finished goods and work in progress	998	108
Other own work capitalised	640	104
Other operating income	615	373
Cost of materials	-8,861	-6,765
Personnel expenses	-9,348	-6,835
Other operating expenses	-5,258	-3,065
EBITDA	2,974	2,831
Amortisation of intangible assets and depreciation of property, plant and equipment	-1,865	-1,422
EBIT	1,109	1,409
Financial income	61	11
Financial expenses	-508	-569
Earnings before taxes	662	851
Income taxes	-145	-285
Net income/loss after taxes	517	566
Net income/loss attributable to non-controlling interests	0	-320
Net income/loss attributable to equity providers (consolidated net income/loss)	517	246
 Earnings per share (EUR)		
Earnings per share, basic (EUR)	0.19	0.10
Earnings per share, diluted (EUR)	0.19	0.10
 Weighted average no-par-value bearer shares		
Basic	2,684,485	2,478,229
Diluted	2,728,020	2,485,454

Consolidated statement of comprehensive income of Nanogate AG

for the period from 1 January to 30 June 2013

	01.01.-30.06. 2013	01.01.-30.06. 2012
	EUR ,000	EUR ,000
Net income/loss after taxes	517	566
<i>of which attributable to non-controlling interests</i>	0	320
<i>of which attributable to shareholders of Nanogate AG</i>	517	246
Other comprehensive income/loss after taxes		
Items which cannot be reclassified to P&L in the future		
Revaluation of intangible assets and property, plant and equipment	-	-
Actuarial gains and losses from defined-benefit pension commitments and similar obligations	-28	-22
Items which can be reclassified to P&L in the future		
Cash flow hedges	-	-
Financial assets available for sale	-	-
Foreign currency translation	-	-
Other comprehensive income/loss after taxes	-28	-22
<i>of which attributable to non-controlling interests</i>	-	-11
<i>of which attributable to shareholders of Nanogate AG</i>	-28	-11
Total income/loss after taxes	489	544
<i>of which attributable to non-controlling interests</i>	0	309
<i>of which attributable to shareholders of Nanogate AG</i>	489	235

Consolidated statement of financial position of Nanogate AG

as at 30. June 2013

Assets	30.06.2013	30.12.2012
	EUR ,000	EUR ,000
Non-current assets		
Intangible assets	23,585	18,140
Property, plant and equipment	18,476	17,102
Investments accounted for using the equity method	-	3,231
Financial assets	65	47
Other assets	15	15
Deferred tax assets	4,660	4,328
	46,801	42,863
Current assets		
Inventories	5,583	1,762
Trade receivables	6,317	3,830
Financial assets	993	32
Other assets	728	499
Income tax receivables	312	2
Cash and cash equivalents	10,462	11,653
	24,395	17,778
	71,196	60,641

Equity and liabilities	30.06.2013	30.12.2012
	EUR ,000	EUR ,000
Equity		
Subscribed capital	2,684	2,684
Capital reserves	17,241	17,181
Retained earnings	163	1,374
Consolidated balance sheet result	8,825	9,682
Non-controlling interests	1,337	2,621
	30,250	33,542
Non-current liabilities		
Pension provisions	1,308	941
Provisions	365	354
Financial liabilities	14,220	11,396
Other financial liabilities	3,227	1,026
Other liabilities	434	482
Deferred tax liabilities	4,722	3,578
	24,276	17,777
Current liabilities		
Provisions	1,674	1,397
Financial liabilities	5,034	1,874
Trade payables	3,479	1,547
Other financial liabilities	1,729	2,071
Other liabilities	4,646	1,757
Income tax liabilities	108	676
	16,670	9,322
	71,196	60,641

Consolidated statement of cash flows of Nanogate AG

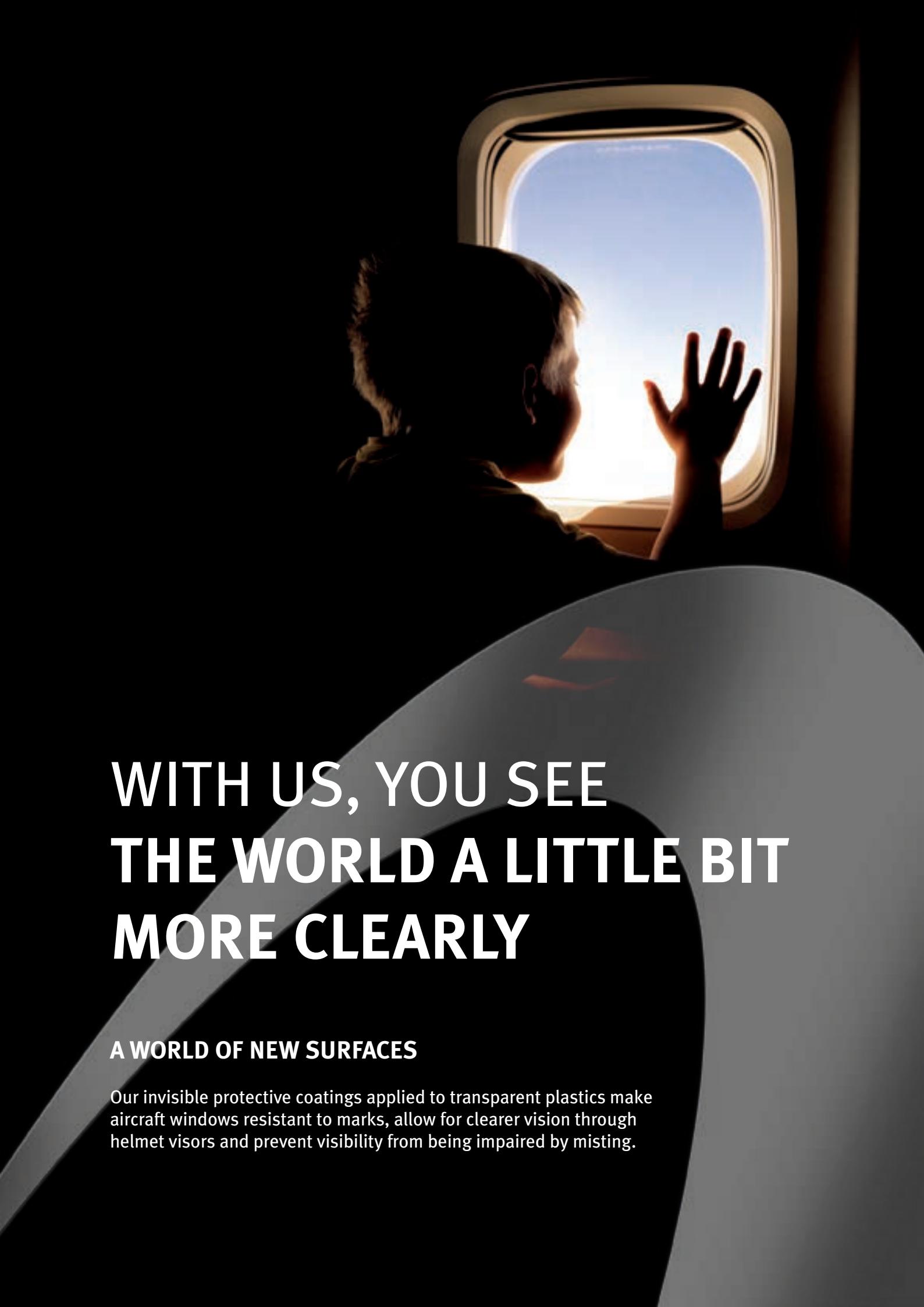
for the period from 1 January to 30 June 2013

	01.01.-30.06. 2013	01.01.-30.06. 2012
	EUR ,000	EUR ,000
Earnings before taxes	662	851
Amortisation and depreciation of intangible assets and property plant and equipment	1,865	1,422
Increase in provisions	148	97
Loss/gain from the disposal of non-current assets	-	22
Other non-cash income and expenses	36	113
Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-3,435	-664
Increase/decrease in trade payables and other equity and liabilities that cannot be allocated to investing or financing activities	943	-281
Cash flow from operations before tax	219	1,560
Income tax payments	-864	-599
Cash flow from operating activities	-645	961
Proceeds from the disposal of property, plant and equipment	-	62
Payments for investments in intangible assets	-512	-121
Payments for investments in property, plant and equipment	-1,045	-637
Payments for investments in financial assets	-485	-100
Payments for the acquisition in stakes of consolidated companies	-1,147	-
Cash flow from investing activities	-3,189	-796
Dividend payments	-268	-
Payments in connection with consolidated companies	-2,300	-
Proceeds from the raising of loans	6,872	-
Payments for the redemption of loans	-1,362	-1,356
Payments for the redemption of finance lease liabilities	-299	-65
Cash flow from financing activities	2,643	-1,421
Change in cash and cash equivalents	-1,191	-1,256
Change 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	11,653	8,957
Cash and cash equivalents at the end of the period	10,462	7,731
Interest income received	11	10
Interest expenses paid	-411	-413
Dividends paid/received	-268	-

Consolidated statement of changes in equity of Nanogate AG

for the period from 1 January to 30 June 2013

	Subscribed capital EUR ,000	Capital reserves EUR ,000	Retained earnings EUR ,000	Consolidated balance sheet result EUR ,000	Parent company interests EUR ,000	Non-controlling interests EUR ,000	Consolidated equity EUR ,000
As at 01.01.2013 before adjustments	2,684	17,181	1,460	9,596	30,921	2,621	33,542
Effects from the first-time application of IAS 19 R							
Other comprehensive income			-86	86	-	-	-
As at 01.01.2013 after adjustments	2,684	17,181	1,374	9,682	30,921	2,621	33,542
Dividend payments to shareholders				-269	-269	-	-269
Increase in shares in fully cons. subsidiaries and reduction of third-party shares			-1,183	-1,105	-2,288	-1,284	-3,572
Share options granted	-	60	-	-	60	-	60
Consolidated net income/loss 01.01.-30.06.2013	-	-	-	517	517	-	517
Other comprehensive income 01.01.-30.06.2013			-28		-28	-	-28
As at 30.06.2013	2,684	17,241	163	8,825	28,913	1,337	30,250
As at 01.01.2012 before adjustments	2,478	12,468	1,649	9,336	25,931	2,139	28,070
Effects from the first-time application of IAS 19 R							
Other comprehensive income			-12	12	-	-	-
As at 01.01.2012 after adjustments	2,478	12,468	1,637	9,348	25,931	2,139	28,070
Change in Group companies / companies included in the consolidated financial statements							
First-time consolidation of a subsidiary not previously consolidated for reasons of materiality	-	-	-189	-	-189	-	-189
Share options granted	-	12	-	-	12	-	12
Consolidated net income/loss 01.01.-30.06.2012	-	-	-	246	246	320	566
Other comprehensive income 01.01.-30.06.2012			-11		-11	-11	-22
As at 30.06.2012	2,478	12,480	1,437	9,594	25,989	2,448	28,437



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Notes to the consolidated financial statements of Nanogate AG

The consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity as of 30 June 2013 of Nanogate AG have been prepared in accordance with the International Financial Reporting Standards (IFRS). The accounting principles and methods used have not changed from the 2012 annual financial statements (pursuant to 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), Nanogate Textile & Care Systems GmbH (fully consolidated) and Eurogard B.V. (Geldrop, Netherlands, fully consolidated), as well as, for the first time, Nanogate Glazing Systems B.V. (Geldrop, Netherlands, fully consolidated) and Plastic-Design GmbH (Bad Salzuflen, fully consolidated).

All figures presented in euros are in units of one thousand euros (EUR ,000) or one million euros (EUR million).

The accounting and measurement methods used in the consolidated financial statements correspond to those standards and interpretations which must be applied as of 1 January 2013.

The amendment to IAS 1 results in changes in the presentation of items of other comprehensive income. Consequently, the presentation of other comprehensive income is also to show interim totals for items based on whether said items may subsequently be reclassified as profit or loss. IAS 1 does not have a significant effect on the Group's net assets, financial and earnings position or on its presentation.

The amendments to IAS 19 do away with the corridor method. All changes in defined-benefit obligations and in plan assets are therefore to be recognised directly in profit or loss in the future. At the same time, all actuarial gains and losses are to be recognised directly in other comprehensive income. The amendments also result in a new format for presenting defined-benefit obligations and plan assets as well as new and revised disclosures. The changes to IAS 19 are applicable at the latest to financial years beginning on or after 1 January 2013. IAS 19 does not have a significant effect on the Group's net assets, financial and earnings position or on its presentation.

The amendments to IFRS 9 adopted in 2009 include new rules for classifying and measuring financial assets. Other new rules for classifying and measuring financial liabilities were published in November 2010. All recognised financial assets falling within the scope of IAS 39 are held either at amortised cost or at fair value. All equity instruments covered by IFRS 9 must be held in the balance sheet at fair value. In contrast to IAS 39, IFRS 9 has no obligation to separate embedded derivatives from financial assets. Application of the standard is mandatory for financial years beginning on or after 1 January 2015. The effects of IFRS 9 on the Group's net assets, financial and earnings position and on its presentation are currently being, and are continually, reviewed.

IFRS 10 replaces the rules on consolidated financial statements in IAS 27 and establishes the principle of control as a uniform approach. According to IFRS 10, control depends on all the following three criteria being met: (a) a company must have power over the investee; (b) it must have exposure or rights to variable returns from involvement with the investee and (c) the ability to use power over the investee to affect the amount of these returns. IFRS 10 does not have a significant effect on the assets, financial and earnings position or on its presentation.

IFRS 12 combines disclosure requirements for subsidiaries, joint ventures, associated companies and/or non-consolidated structured entities in a comprehensive standard. Many of these disclosures have been taken from IAS 27, IAS 31 or IAS 28, whereas others have been added for the first time. IFRS 12 will result in more detailed explanatory Notes to the consolidated financial statements of Nanogate AG as of 31 December 2013.

IFRS 13 introduces a comprehensive framework for measuring the fair value of financial and non-financial items. The standard defines the concept of fair value, establishes a framework for measuring fair value and requires a number of disclosures concerning the measurement of fair value. IFRS 13 is applicable to financial years beginning on or after 1 January 2013. IFRS 13 does not have a significant effect on the Group's net assets, financial and earnings position or on its presentation.

Based on current assessments, all the other new or amended IFRS standards shown in the table above have no relevance for the Nanogate Group.

New and amended standards and interpretations already applicable

Standard or interpretation	Endorsement	Mandatory from financial years beginning
IAS 1 Amendments to IFRS 1 in the course of annual improvements	Yes	01.01.2013
IAS 1 Amendments to: Presentation of Items of Other Comprehensive Income	Yes	01.07.2012
IAS 12 Amendment to: Deferred taxes: Recovery of Underlying Assets	Yes	01.01.2013
IAS 16 Amendments to IAS 16 in the course of annual improvements	Yes	01.01.2013
IAS 19 Employee Benefits (2011)	Yes	01.01.2013
IAS 32 Amendments to IAS 32 in the course of annual improvements	Yes	01.01.2013
IAS 34 Amendments to IAS 34 in the course of annual improvements	Yes	01.01.2013
IFRS 1 Amendments to IFRS 1 in the course of annual improvements	Yes	01.01.2013
IFRS 1 Amendments to: Government Loans	Yes	01.01.2013
IFRS 1 Amendments to: Severe Hyperinflation	Yes	01.01.2013
IFRS 1 Amendments to: Removal of Fixed Dates for First-time Adopters of IFRS	Yes	01.01.2013
IFRS 7 Amendment to: Disclosures: Offsetting Financial Assets and Financial Liabilities	Yes	01.01.2013
IFRS 13 Fair Value Measurement	Yes	01.01.2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	Yes	01.01.2013

Changes in the companies included in the consolidated financial statements / business combinations pursuant to IFRS 3:

Acquisition

At the beginning of January 2013, the Group acquired a further 41 % of the shares in Plastic-Design GmbH. Nanogate AG consequently has a 76 % equity holding in this company. As a result of this, Plastic-Design GmbH has been fully included in the scope of consolidation as a Group subsidiary since 1 January 2013.

In the first half of the year, Nanogate AG increased its existing equity holding in Gesellschaft für Oberflächentechnik AG (GfO) from 51 per cent to 75 per cent plus one share, and also has the option to purchase the remaining shares. Furthermore, a profit and loss transfer agreement was concluded.

In January 2013, Nanogate Glazing Systems B.V. (Geldrop, Netherlands) was established as a wholly owned subsidiary of Nanogate AG and has been fully included in the scope of consolidation as a Group subsidiary since 1 January 2013.

Related party disclosures

Related parties within the meaning of IAS 24 Related Party Disclosures are those persons or entities that have control, joint control with other entities, or significant influence over Nanogate AG.

Subsidiaries, joint ventures and associates are also related parties of Nanogate AG. Subsidiaries and joint ventures are also related parties for one another.

Related parties are also key management personnel, their close family members and companies over which these persons exercise control, joint control or significant influence.

The direct parent company is Nanogate AG, Quierschied-Göttelborn. Its head office is in Germany.

Business transactions in the first half of 2013 between Nanogate AG and its related parties were conducted according to standard third-party conditions.

In the 2013 financial year, a profit and loss transfer agreement (PLTA) was concluded between Nanogate AG and GfO Gesellschaft für Oberflächentechnik AG. In order for it to take effect, it needs to be approved by the shareholders' meeting of Nanogate AG and the profit and loss transfer agreement of GfO AG needs to be entered in the commercial register. Both the Management Board and the Supervisory Board of Nanogate AG expect that the shareholders' meeting will, in all likelihood, approve the agreement. As a result of this, when preparing the consolidated interim financial statements, the figures were calculated in such a way as if this PLTA had already come into effect as at 1 January 2013.

The following changes to the consolidated interim financial statements would occur if the PLTA was not taken into account:

An increase in the balance sheet total due to greater deferred tax assets and the creation of additional tax provisions in the amount of approx. EUR 434,000; at the same time a fall in the equity ratio from 42.5 % to 42.3 %. There is no material impact on earnings.

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