

Half-Year Report 2011  
*Systematic growth*

## Nanogate at a glance

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

	1 <sup>st</sup> HY 2011	1 <sup>st</sup> HY 2010
Sales	16,625	5,665
Overall performance	18,162	7,025
Gross profit margin (% , in relation to overall performance)	65.5	58.8
EBITDA	1,652	-1,195
EBITDA margin (%)	9.9	-
EBIT	483	-1,740
Adjusted EBIT	725	-1,097
EBT	-48	-1,997
Balance sheet profit	2,310	94
Earnings per share (EUR)	-0.19	-0.60
Cash flow from operating activities	780	-1,153
Cash flow from investing activities	-11,110	-1,581
	30.06.2011	31.12.2010
Balance sheet total	63,581	53,464
Equity	24,506	24,027
Equity ratio (%)	38.5	44.9
Cash and cash equivalents	3,557	4,067
	1 <sup>st</sup> HY 2011	1 <sup>st</sup> HY 2010
Employees (average)	249	69
Sales per employee (EUR)	67,000	82,000

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A woman in a white dress stands on the left, looking at a large, framed image of an oyster shell with a pearl inside. The frame is red and the background is light blue. The oyster shell is open, revealing a large, lustrous pearl. The image is presented as if it were a large-scale display or a wall-mounted artwork.

## Nanogate AG

**With know-how and technology from Nanogate,**

- engines run for longer and more economically.
- production processes are more efficient.
- polymers becoming more multifunctional.
- sports articles improve its performance.

Nanogate AG is one of the forerunners in the field of nanotechnology and the leading international integrated systems provider for nanosurfaces.

We alter materials, endow them with new properties and facilitate their use for industrial purposes in the field of high-value-surfaces. With help from Nanogate, products become more cost-effective, more powerful and better for the environment.

Our aim is value creation: For our customers, for our shareholders and for the society.

## Letter to the shareholders

Dear shareholders,  
customers, business partners and staff members,

Nanogate can look back on an excellent first half-year in which we put in a top performance both operationally and strategically. The result exceeded our own forecasts. We will continue along this path of profitable growth in the second half-year and are therefore heading for new records in sales and earnings for the short and medium term.

We nearly tripled sales and have made a return to profitability as expected. Sales soared, partly thanks to the investment in GfO AG, by more than 190 % to EUR 16.6 million. Organic growth amounted to around 48 %. With an EBITDA margin of around 10 % we are now back to profitability for the first half-year as well, having already achieved a turnaround in earnings in the second half of 2010. The reasons for this were higher capacity use, an improved product mix and lower expenses as planned for applications development and opening up new markets. The dynamic course of business also produced a positive operating cash flow.

In strategic terms, Nanogate achieved two important milestones in recent months. Firstly, with the acquisition of Eurogard B.V. in the Netherlands Nanogate has established itself as a leading international integrated systems provider for nanosurfaces. Eurogard is profitable, is a leading supplier of coatings for two-dimensional components and is number one in the global specialist market for transparent plastics of high optical quality. The technology and the solutions portfolio therefore make a perfect match with the investment in GfO AG that we made in 2010. For many years GfO has specialised in enhancing high-quality, primarily plastic surfaces in optical quality and giving them additional properties. It has a particularly strong market position in three-dimensional components. Our equity holding uses leading technologies, has a broad customer base and is profitable. Secondly, the capital increase we successfully implemented ensures we have the financial scope for our further course of expansion. With gross issue proceeds of around EUR 8 million we improved our funding base significantly.

Nanogate is still programmed for growth: our equity investments in GfO and Eurogard give our customers integrated solutions in the growth market for high-performance surfaces. Demand for innovative surfaces remains high. These surfaces allow our customers to offer differentiated products and generate competitive advantages. For our customers in the four target sectors Automotive/Mechanical Engineering, Buildings/Interiors, Sport/Leisure and Functional Textiles, Nanogate covers the entire value chain – from the selection of raw materials to the production of the surface. For surface enhancements we therefore offer expertise that is unique in Europe, both for materials and for process integration and mass production. With this know-how we offer our customers unique one-stop shopping for the enhancement of high-performance surfaces.

Demand for our systems is growing rapidly, with new projects for Audi and BMW starting in the first half-year for instance. We received the first orders as part of our cooperation programme with GEA Air Treatment. Furthermore, we renewed the million-dollar contract with our major US customer for bathroom equipment for another three years. We improved our sales potential by means of a cooperation programme with the Swiss company Kapyfract in the field of tunnel coatings. In addition, we will benefit in the medium term from higher capacities at our equity holding GfO. A fully automated, robot-controlled machine is due to be installed there for coating three-dimensional plastic components.

The good course of business also benefited our shareholders: the Nanogate share has performed strongly over recent months, reaching its high for the year to date at the end of June, before the capital increase, at EUR 20.51. After a brief decline, the share had risen again by the end of September to more than EUR 17. Daily trading volumes also increased considerably. The greater free float should also have a positive effect on trading. Equities analysts at leading banks are forecasting target prices of up to EUR 25 for the Nanogate share.

Nanogate intends to continue the growth path of recent months. We currently only see limited effects for our business from any economic slowdown that might occur. So far incoming orders have held up very strongly. Given the continued strong course of business, it seems very likely that we will be able to substantially exceed the sales forecast for 2011 of more than EUR 30 million, as long as the economy does not take a sudden dive. We will benefit from long running projects for companies such as Airbus, Bosch and numerous car manufacturers. The EBITDA margin will reach at least 10 %, as expected. The greater capacity use and greater proportion of high-margin industrial business, but also lower expenses for application development and opening up new markets, all contribute to the earnings improvement. Operating cash flow should also be positive for the full year.

Our growth strategy is based on three pillars:

- We want to expand our market position with the existing systems internationally as well.
- We see significant sales potential in our two especially sustainable application areas: plastics and energy efficiency.
- Given the ongoing consolidation of the market, further external growth cannot be ruled out.

In the medium term, our growth strategy should act as a compass to take us to our goal of more than EUR 50 million in sales and a sustained EBITDA margin of more than 20 %. On the way there we intend primarily to develop our international market position and will therefore in the coming months be developing concepts on how Nanogate can position itself in important foreign markets.

Yours,



Ralf Zastrau (CEO)



Michael Jung (COO)



Ralf Zastrau (CEO)



Michael Jung (COO)

## Interim report



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

The Nanogate Group (Nanogate) is the leading international integrated systems provider for nanosurfaces. Its focus is on enhancing high-performance surfaces for a variety of applications. As an integrated systems provider the company can draw on the full range of competences in materials development as well as in process integration and mass production. Nanogate opens up the diverse opportunities afforded by nanotechnology for companies in many different sectors. Nanogate has broad practical expertise in the fields of physical and chemical nanotechnology. With its knowledge of the properties of high-performance materials and surface technologies, combined with its process and engineering expertise, Nanogate enables its customers to access multifunctional surfaces. Nanogate aims to improve products through the use of nanotechnology, thereby increasing the competitiveness and profitability of its customers. As an enabler, Nanogate is the central interface between manufacturers of the source materials and suppliers of innovative industrial products. The focus is always on adding value, both for the customer and at Nanogate itself. The Group concentrates on the target industries Automotive/Mechanical Engineering, Buildings/Interiors, Sport/Leisure and Functional Textiles, as well as on particularly promising fields such as energy efficiency and plastics.

### **The Nanogate Group**

The Nanogate Group consists of the parent company Nanogate AG, based in Göttelborn, and the portfolio companies Nanogate Industrial Solutions GmbH (NIS), GfO Gesellschaft für Oberflächentechnik AG (GfO) and HOLMENKOL AG (Holmenkol) with its subsidiaries. In the first half of 2011 Nanogate also acquired the Dutch company Eurogard B.V.

In operating terms, the parent company Nanogate AG concentrates on the operational and strategic management of the Group and its equity holdings. This is also where the central functions material development and manufacture are situated, as are the divisions Sport/Leisure and Functional Textiles. Furthermore, central functions such as accounting and purchasing are also carried out here for all companies in the Group.

Nanogate Industrial Solutions GmbH (NIS), Göttelborn, is a wholly owned subsidiary of Nanogate AG. The company pools all the core competences in the field of high-performance industrial surfaces. The focus is primarily on innovative material systems and high-quality optical surfaces for the application areas Buildings/Interiors and Automotive/Mechanical Engineering.

Since August 2010 Nanogate has held a 51 % stake in GfO Gesellschaft für Oberflächentechnik AG (GfO), based in Schwäbisch Gmünd. The transaction also includes an option to purchase the remaining shares and was concluded with the registration of the capital increase for subscription in kind as part of the purchase price in March 2011. The technology company GfO specialises in technical and optical surface enhancement as well as using an inkjet technology unique in Europe to apply coatings.

In April Nanogate agreed on the acquisition of Eurogard B.V. based in Geldrop in the Netherlands. The company has been consolidated since 1 July 2011. Eurogard specialises in enhancing surfaces on two-dimensional components and is the global market leader in the lucrative specialist sector of coating transparent plastics. Integration was completed on schedule in the third quarter.

Nanogate AG has an equity holding of 50.01 % in HOLMENKOL AG, Ditzingen. Holmenkol is a long-established company with more than 85 years of experience, particularly in the field of winter

sports. The company is being expanded as a partner for Nanogate in the area of Sport/Leisure and is earmarked for further development as a leading international supplier of sports surfaces.

In addition, Nanogate holds all the shares in FNP GmbH, Götterborn, which specialises in products in the Sport/Leisure area.

### Key events in the first half of 2011

In January the programme of strategic cooperation began with the Swiss company Kapyfract AG, an important European player for fire protection in tunnels. The objective of the partnership is to internationally implement and market innovative coatings for road tunnels based on Nanogate-Technologie®. Together, the two companies intend to tap the significant market potential available Europe-wide and offer customers a one-stop shop for premium-quality products and services for coating concrete. In recent months, with this in mind, Nanogate has considerably ramped up its product expertise and given Kapyfract access to this know-how.

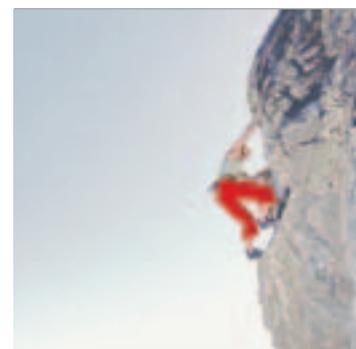
In February Nanogate and GEA Air Treatment GmbH reported the first orders as part of their cooperation: the two companies added a joint new generation of filter systems to their product range. Innovative bag filters for air filtration have been developed on the basis of existing filter systems from GEA Air Treatment and with the help of technology from Nanogate. The new products are capable of combining several functions, such as antistatic or flame-retardant properties, with one another. There is a particularly high level of customer interest in antimicrobial filter systems.

The integration of GfO AG was also completed successfully in February. This means that development, production and sales are now coordinated. At the same time, the Group is benefiting from strong demand for its inkjet coating technology, which is unique in Europe. It is used at the site in Schwäbisch Gmünd to give plastic components a high-quality appearance in serial production. Production for new multi-year projects for Audi and BMW began in February. The two orders each have an annual sales potential in the six-figure euro range.

A capital increase for subscription in kind, which is part of the purchase price for GfO AG, was entered in the commercial register in March. This increases the total number of shares by 37,639 to 1,942,639, taking the free float to around 34 %. There is a lock-up period of 15 months for the new Nanogate shares, which were issued to the existing GfO shareholders.

In April the Group presented its investment plans for extending capacity and a new technology platform at the Hannover Messe trade fair. The construction of a coating machine for plastics is being planned jointly with the GfO equity holding. In addition, new multifunctional scratchproof coating solutions were presented with the Nanogate product permaResist® polymer. The system's UV-hardening characteristic makes it particularly economical and forward-looking as it can also be used to coat sensitive plastics without damaging them. This coating is intended to be deployed in the new facility.

At the end of April Nanogate announced the acquisition of the Dutch company Eurogard B.V., strengthening its position on the market for high-performance surfaces. The newly acquired equity holding is a leading supplier of coatings for two-dimensional components and the number one in the global specialist market for transparent plastics of high optical quality. In the 2010 financial year, Eurogard's sales were in the high single-digit millions and its EBITDA yield was in double figures. The purchase price was around EUR 10 million. A loan was available on favourable terms from BGL BNP Paribas S.A. to finance the deal.





Nanogate supported the Oeko-Institute in the standardised evaluation of nanotechnology's potential for sustainability. The Nano-Sustainability Check, a new instrument sponsored by the German Federal Environment Agency and the German Federal Ministry for the Environment and developed by the Oeko-Institute, enables the uniform evaluation of nanoproducts. One case study for significant CO<sub>2</sub> reductions was a UV coating recently developed by Nanogate. Nanogate was one of two partners for the project alongside BASF.

In May the relationship with a leading US bathroom equipment company was extended. The new agreement has a three-year term and comprises annual minimum sales running well into six digits. The two firms have been working together since 2007.

### Sales and earnings position

Nanogate's expansion course paid off in the first half of the year. The volume of business increased threefold. Growth stemmed primarily from rocketing demand in Automotive/Mechanical Engineering for example, as well as from the investment in GfO AG. Sales increased by more than 190 % to EUR 16.6 million (previous year: EUR 5.7 million). Organic growth amounted to around 48 %. In the core Multifunctional Surfaces business sales climbed to EUR 16.3 million (previous year: EUR 5.6 million), generating attractive earnings contributions. In the Advanced Applications segment, which focuses on future applications, business volume came to EUR 0.3 million (previous year: EUR 0.1 million). As expected, technology developments and adjustments took centre stage here, as did opening up new markets. International business accounted for 45.5 % (previous year: 43.6 %) of sales, equivalent to EUR 7.6 million (previous year: EUR 2.5 million). The overall performance (sales, changes in inventories, own work capitalised plus other operating income) increased by some 160 % to EUR 18.2 million (previous year: EUR 7.0 million).

Thanks to strong industrial business and greater capacity utilisation the gross profit margin (in relation to overall performance) improved to 65.5 % (previous year: 58.8 %). The cost of materials rose due to consolidation to EUR 6.3 million (previous year: EUR 2.9 million); the cost-of-materials ratio (in relation to overall performance) fell to 34.5 % (previous year: 41.2 %). Personnel expenses rose due to consolidation to EUR 7.0 million (previous year: EUR 2.4 million); the cost-of-materials ratio (in relation to overall performance) came to 38.6 % (previous year: 34.8 %).

As announced, the earnings situation has improved considerably. The reasons for this were much higher capacity use, an improved product mix and lower expenses as planned for applications development and opening up new markets. Consolidated EBITDA improved by EUR 2.9 million to EUR 1.7 million (previous year: EUR -1.2 million). The EBITDA margin came to around 10 %, within the target corridor for 2011. Group EBIT rose to EUR 0.5 million (previous year: EUR -1.7 million), equivalent to an EBIT margin of around 3 %. Adjusted consolidated EBIT came to EUR 0.7 million (previous year: EUR -1.1 million).

Consolidated EBT is marked by higher interest expenses due to the expansion policy and nearly reached break-even at EUR -0.05 million (previous year: EUR -2.0 million). The consolidated net result (after minority interests) amounted to EUR -0.4 million (previous year: EUR -1.1 million). Earnings per share improved distinctly to EUR -0.19 (previous year: EUR -0.60). Distributable profit totalled EUR 2.3 million (previous year: EUR 0.1 million).

Adjusted organic growth has been determined taking GfO AG into account. In contrast to the previous year, interest income was not included in EBITDA/EBIT, so the previous year's figures have been adjusted accordingly. The new equity holding Eurogard B.V. will only be included in the consolidated

statement of income from 1 July 2011. Adjusted consolidated EBIT is obtained by eliminating transaction costs and other advisory costs for the two investments in GfO AG and Eurogard B.V. as well as non-recurring expenses for HOLMENKOL AG (only in 2010).

### Assets and financial position

The assets and financial position in the reporting period were influenced primarily by the acquisition of Eurogard B.V. that was concluded in June.

As of the reporting date the Group held cash and cash equivalents amounting to EUR 3.6 million (31.12.2010: EUR 4.1 million). The equity ratio was 38.5 % (31.12.2010: 44.9 %). The balance sheet total rose to EUR 63.6 million (31.12.2010: EUR 53.5 million) following the takeover of Eurogard B.V. Non-current financial assets went up for the same reason to EUR 11.5 million (31.12.2010: EUR 1.3 million). Financial liabilities to banks (non-current) increased to EUR 14.9 million (31.12.2010: EUR 9.0 million) and financial liabilities to banks (current) rose to EUR 7.5 million (31.12.2010: EUR 4.2 million). Issued capital went up to EUR 1.943 million (31.12.2010: EUR 1.905 million) due to the capital increase for subscription in kind that was part of the purchase price for GfO AG. The other balance sheet items are roughly unchanged.

After the reporting date the company received gross proceeds of around EUR 8 million from a capital increase, which of course improved the financial position considerably. A part of these proceeds was used immediately afterwards to repay some of the financial liabilities for the Eurogard acquisition. Adjusted for these transactions, cash balances at the end of the first half-year would have come to around EUR 7.7 million. The pro-forma equity ratio came to 47.7 %.

The good course of business enabled the Group to generate a positive cash flow of EUR 0.8 million (previous year: EUR -1.2 million) in the first half of the year. Cash flow from financing activities is largely made up of a low-cost loan to finance the Eurogard acquisitions and amounted to EUR 9.8 million (previous year: EUR 0.3 million). As announced, expenses for applications development and adjustment continue to decline. The R+D ratio fell to around 17 % compared with around 25 % for the first half of 2010. The takeover of Eurogard B.V. brought cash flow for investing activities to EUR -11.1 million in total (previous year: EUR -1.6 million).

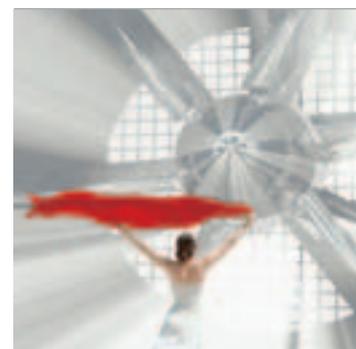
### Employees

In the reporting period the average number of employees went up to 249 (previous year: 69) due to the investment in GfO AG. The Group currently employs seven apprentices. Sales per employee came to around EUR 67,000 (previous year: EUR 82,000).

### Risk report

There has been no material change to the risk situation compared with that described in the annual report for 2010.

The course of business at sarastro GmbH is in Nanogate's opinion not very satisfactory, but as it only holds a silent participation in the company, Nanogate's influence is limited. The original equity stake in sarastro GmbH was converted into a silent participation in 2010 once Nanogate had acquired the relevant technology packages.



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

In July Nanogate sold 529,810 new bearer shares as part of a capital increase. This increased the company's share capital from EUR 1,942,639 to EUR 2,472,449. The new shares were acquired by existing shareholders as part of the rights offer and additional purchase option. The greenshoe was more than twice oversubscribed. As a result of the capital increase, free float has risen to 39 %. The company generated gross proceeds from the issue amounting to approximately EUR 8 million. These proceeds enable Nanogate to strengthen its financial position for the planned growth course and fund part of the purchase price for the acquisition of the equity holding in the Dutch company Eurogard B.V.

Nanogate is developing a novel coating for a filter to remove fine-particle matter with the financial support of Deutsche Bundesstiftung Umwelt (DBU), an environmental foundation. The project centres on reducing the energy needed to operate filters in ventilation and air-conditioning systems. It has been awarded a grant worth a sizeable six-figure euro sum.

Nanogate has now also successfully completed the coating of a road tunnel in Birth (North Rhine-Westphalia) in cooperation with Kapyfract AG, a leading European provider of fire protection for tunnels. The partnership with the Swiss company began in early 2011 and aims to internationally market and implement innovative coating solutions for traffic tunnels based on Nanogate-Technologie®. Nanogate is counting on potential sales volume from the tunnel coatings market in the mid-six-figure euro range by the end of 2012, as the company is currently in talks about additional projects.

#### **Forecast**

The German economy remained on a growth track in the first half of the year, although the pace of development has slowed considerably. Whereas gross domestic product rose by 1.3 % in the first quarter (compared with the previous quarter), economic output in the second quarter only increased by 0.1 % according to the German Federal Statistics Office. Exports provided a boost in the second quarter, whereas consumer spending fell for the first time since 2009 – partly due to uncertainty about the international debt crisis. As in Germany, world economic growth is slowing down. The International Monetary Fund lowered its forecast for the world economy in September to growth of just 4.0 %, whereas in June the forecast was for growth of 4.3 %. According to the latest revised forecast the German economy is set to expand by 2.7 % in the full year 2011 instead of 3.2 % and the USA by a mere 1.5 % instead of 2.5 %. The outlook was also lowered for 2012. Nanotechnology is a cross-cutting technology and therefore only partly dependent on the economic cycle. Companies from very different industries can use nanotechnology to generate competitive advantage, for example by manufacturing products more cheaply or giving them new functions and thereby differentiating them from competing products. The risk that worries about economic developments will dull the climate for innovation can nevertheless not be ruled out. A potential decline in economic output could also restrict sales opportunities for nanotechnology companies.

In spite of the fears for the world economy, Nanogate is currently optimistic about the company's future development. With new projects like those for Audi and BMW and the renewal of supply contracts like the one with the US bathroom equipment manufacturer, the Group has a strong order base in a mid-double-digit million range. The current pace of incoming orders is keeping sales growing. With its focus on the four industries Automotive/Mechanical Engineering, Buildings/Interiors, Sport/Leisure and Functional Textiles, Nanogate also has a broad foundation. The new equity holdings Eurogard B.V. and GfO AG are also making a decisive contribution to the company's growth; both are expanding their businesses continuously. GfO AG is operating at nearly full capacity. Given the continued strong course of business, it seems very likely that we will be able to substantially exceed the sales forecast for 2011 of more than EUR 30 million, as long as the economy does not take a sudden dive. The overwhelming

majority of revenue is generated in the core business Multifunctional Surfaces. The EBITDA margin will reach at least 10 %, as expected. The greater capacity use and greater proportion of high-margin industrial business, but also lower expenses for application development and opening up new markets, all contribute to the earnings improvement. Operating cash flow should also be positive for the full year. The proceeds of the capital increase for cash in the summer and the improved earnings should bolster the financial situation even further by the end of the year.

In future too, the company is assuming further profitable growth as a leading international integrated systems provider for nanosurfaces. In the medium term, Nanogate is expecting sales of at least EUR 50 million and a sustained EBITDA margin of over 20 %. In getting there, the Group will benefit from its strategic expansion policy and its positioning as a systems provider. In the medium term, the Group intends above all to expand internationally, and will therefore be developing and reviewing plans for gaining greater access to key foreign markets. Further external growth can also not be excluded. At the same time, Nanogate expects further success to come from marketing its particularly high-margin applications in the areas of plastics and energy efficiency. With a comprehensive range of materials know-how and years of competence in process integration and mass production, the company occupies the market for high-performance surfaces like no other provider. This positioning is unique in Europe and will enable further profitable growth.

Saarbrücken, September 2011



Ralf Zastrau  
Chairman of the Management Board/CEO



Michael Jung  
Managing Director/COO



*Refined automotive component*



## Consolidated income statement of Nanogate AG

for the period 1 January to 30 June 2011

	1.1.-30.06. 2011	1.1.-30.06. 2010
	EUR ,000	EUR ,000
Sales	16,625	5,665
Change in finished goods and work in progress	121	-155
Other own work capitalised	863	1,167
Other operating income	553	348
Cost of materials	-6,270	-2,894
Personnel expenses	-7,007	-2,442
Other operating expenses	-3,233	-2,884
<b>EBITDA</b>	<b>1,652</b>	<b>-1,195</b>
Amortisation of intangible assets and depreciation of property, plant and equipment	-1,161	-520
Depreciation of financial assets	-8	-25
<b>EBIT</b>	<b>483</b>	<b>-1,740</b>
Financial income	24	41
Financial expenses	-555	-298
<b>Earnings before taxes</b>	<b>-48</b>	<b>-1,997</b>
Taxes on income	-5	219
<b>Net income/loss after taxes</b>	<b>-53</b>	<b>-1,778</b>
Net income/loss attributable to minority interests	-325	630
<b>Net income/loss attributable to equity providers (consolidated net income/loss)</b>	<b>-378</b>	<b>-1,148</b>
Earnings per share (EUR)		
Earnings per share, basic (EUR)	-0.19	-0.60
Earnings per share, diluted (EUR)	-0.19	-0.60
Weighted average no-par-value bearer shares		
Basic	1,942,639	1,905,000
Diluted	1,959,076	1,910,590

## Consolidated statement of comprehensive income of Nanogate AG

for the period 1 January to 30 June 2011

	1.1.-30.06.2011	1.1.-30.06.2010
	in EUR ,000	in EUR ,000
<b>Net income/loss after taxes</b>	<b>-53</b>	<b>-1,778</b>
<i>of which attributable to other shareholders</i>	325	-630
<i>of which attributable to shareholders of Nanogate AG</i>	-378	-1,148
<b>Changes in the amount recognised in equity from</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 other shareholders</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>-53</b>	<b>-1,778</b>
<i>of which attributable to other shareholders</i>	325	-630
<i>of which attributable to shareholders of Nanogate AG</i>	-378	-1,148

## Consolidated statement of financial position of Nanogate AG

as at 30 June 2011

<i>Assets</i>	30.06.2011	31.12.2010
	in EUR ,000	in EUR ,000
<b>Non-current assets</b>		
Intangible assets	17,768	17,327
Property, plant and equipment	16,454	16,936
Financial assets	11,543	1,323
Other assets	18	25
Income tax assets	20	0
Deferred tax assets	6,110	5,585
	51,913	41,196
<b>Current assets</b>		
Inventories	3,450	3,294
Trade receivables	4,148	4,372
Financial assets	94	55
Other assets	409	473
Income tax assets	10	7
Cash and cash equivalents	3,557	4,067
	11,668	12,268
	63,581	53,464

<i>Equity and liabilities</i>	30.06.2011	31.12.2010
	in EUR ,000	in EUR ,000
<b>Equity</b>		
Subscribed capital	1,943	1,905
Capital reserves	15,321	14,827
Retained earnings	1,649	1,649
Consolidated balance sheet result	2,310	2,688
Minority interests	3,283	2,958
	24,506	24,027
<b>Non-current liabilities</b>		
Pension provisions	704	744
Provisions	302	348
Financial liabilities	14,849	8,961
Trade payables	0	28
Other financial liabilities	3,185	2,965
Other liabilities	634	686
Deferred tax liabilities	5,025	4,883
	24,699	18,615
<b>Current liabilities</b>		
Provisions	472	484
Financial liabilities	7,501	4,243
Trade payables	2,538	3,014
Other financial liabilities	3,073	2,503
Other liabilities	295	446
Income tax liabilities	497	132
	14,376	10,822
	63,581	53,464

## Consolidated statement of cash flows of Nanogate AG

for the period from 1 January to 30 June 2011

	1.1.-30.6.2011	1.1.-30.6.2010
	EUR ,000	EUR ,000
Earnings before taxes	-48	-1,997
Depreciation/amortisation of non-current assets	1,169	545
Decrease in provisions	-98	-108
Profit/loss from the disposal of non-current assets	0	25
Other non-cash income and expenses	-134	15
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-702	913
Increase/decrease in trade payables and other equity and liabilities that cannot be allocated to investing or financing activities	591	-546
<b>Subtotal</b>	778	-1,153
Income tax payments	2	-
<b>Cash flow from operating activities</b>	780	-1,153
Proceeds from the disposal of non-current assets	0	31
Payments for investments in intangible assets and in property, plant and equipment	-1,101	-1,397
Payments for investments in financial assets	-10,125	-215
Proceeds from the disposal of consolidated companies	116	-
<b>Cash flow from investing activities</b>	-11,110	-1,581
Proceeds from the raising of loans	11,805	328
Payments from the redemption of loans	-1,985	-
<b>Cash flow from financing activities</b>	9,820	328
Changes in cash and cash equivalents	-510	-2,406
Cash and cash equivalents at the beginning of the period	4,067	5,906
<b>Cash and cash equivalents at the end of the period</b>	3,557	3,500
<b>Interest income received</b>	7	10
<b>Interest expenses paid</b>	419	206
<b>Dividends paid/received</b>	-	-

## Consolidated statement of changes in equity of Nanogate AG

for the period 1 January to 30 June 2011

	Subscribed capital	Capital reserves	Retained earnings	Consolidated balance sheet result	Parent company interests	Minority interests	Consolidated equity
	in EUR ,000	in EUR ,000	in EUR ,000	in EUR ,000	in EUR ,000	in EUR ,000	in EUR ,000
<b>As at 01.01.2011</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.–30.06.2011	-	-	-	-378	-378	325	-53
<b>As at 30 June 2011</b>	1,943	15,321	1,649	2,310	21,223	3,283	24,506
<b>As at 01.01.2010</b>	1,900	14,703	1,331	1,242	19,176	1,908	21,084
Capital increase from authorised capital for contribution in kind (registered on 27.4.2010)	5	88	-	-	93	0	93
Share options granted	-	36	-	-	36	-4	32
Consolidated net income/loss 1.1.–30.06.2010	-	-	-	-1,148	-1,148	-630	-1,778
<b>As at 30 June 2010</b>	1,905	14,827	1,331	94	18,157	1,274	19,431

## 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 30.6.2011 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 2010 financial statements (IFRS). The figures have not been audited. The consolidated figures for Nanogate AG include Nanogate Industrial Solutions GmbH (fully consolidated), HOLMENKOL AG (fully consolidated), Holmenkol Gesellschaft mbH, Lauterbach, Austria (fully consolidated until 31.3.2011) and GfO AG (fully consolidated). All figures presented in euros are in units of one thousand euros (EUR ,000) or one million euros (EUR million).

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