

Half-Year Report 2009

*Innovation-driven
competitive advantage*

Nanogate at a glance

Figures for the Nanogate Group (to IFRS, stated in EUR ,000)

	1. HY 2009	1. HY 2008	Changes
Sales	4,087	4,817	-15.2 %
Overall performance	5,707	7,151	-20.2 %
Gross earnings	4,089	5,640	-27.5 %
EBIT*	-2,007	859	–
EBIT yield (in %)	–	17.8	–
EBT	-2,163	781	–
EBT yield (in %)	–	16.2	–
Balance sheet profit	1,363	3,062	-55.5 %
Earnings per share (in euros)	-0.66	0.36	–
Cash flow from operating activities	-1,157	27	–
Cash flow from investments	-2,002	-1,978	–
	30.06.2009	31.12.2008	Changes
Balance sheet total	31,313	32,565	-3.8 %
Equity	21,150	22,570	-6.3 %
Equity ratio (in %)	67.5	69.3	-1.8 %-points
Cash and cash equivalents	5,623	8,477	-33.7 %
	1. HY 2009	1. HY 2008	Changes
Average number of employees	74	67	+10.4 %
Sales per employee (in EUR ,000)	55	72	-23.6 %

* The interest income for the 2008 and 2009 financial years was included in EBIT following the IFRS guidelines.

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Nanogate AG

With know-how and technology from Nanogate,

- engines run for longer and more economically.
- production processes are more efficient and cost-effective.
- buildings are less costly and time-consuming to clean.
- sports articles such as skis and boats pick up speed.

Nanogate AG is one of the trailblazers in the nanotechnology sector. We alter materials, endow them with new properties and facilitate their use for industrial purposes. Thanks to Nanogate, products become less expensive, more efficient and more environmentally friendly.

We generate value: for our customers, for our shareholders, for society and the environment.

Letter to the shareholders

Ladies and Gentlemen,

Nanogate's broad level of diversification has proved its value in the current challenging economic environment. As a European market leader, we have expanded our technology portfolio, presented new products and applications and acquired some well-known customers this year. As an enabler, we continue to provide our customers from various industries with access to the many advantages of nanotechnology. Our technology allows our customers' products to be more efficient and perform better. The projects for the Opel Insignia, the "2009 car of the year", and with REWE in Austria are particularly good indicators of our successful strategic orientation and innovative strength. The sales potential of Nanogate has shown continuous improvement. Our broadly diversified nature and focus on four industries has helped to stabilise our business. This has also allowed Nanogate to at least partially compensate for temporary fluctuations in individual projects. Thanks to our tried and trusted business model, the worst economic crisis since the Second World War has had less of an impact on our sales than in other companies, although Nanogate was more affected than initially expected.

While we can report significant momentum in our Sport/Leisure and Functional Textiles divisions, our high-margin Automotive/Mechanical Engineering division and, internationally, our Buildings/Interiors division were unable to escape the extremely sluggish consumer spending as had been expected. For example, the printing industry sold hardly any new units. Medium-sized customers also had to cope with what in some cases were dramatic losses, causing them to reduce their orders or postpone projects. With earnings of EUR 4.1 million (previous year: EUR 4.82 million), Nanogate recorded a temporary downturn in sales in the first half of 2009 due to the poor economic conditions.

In spite of these developments, Nanogate is continuing to pursue its course of expansion and to use its financial resources for an innovation offensive, in an effort to lay the foundations for growth in the coming years. Developing technology and opening up markets – especially international markets – is an essential investment in the future. Our success with new technology platforms is evidence that this strategy is working and this allows us to secure the revenues and profits of tomorrow. As expected, we recorded no surpluses in the first half of 2009 for the first time since the company went public. This was due to the continuing high level of investment needed to develop technology and open up markets. Our earnings before interest and taxes (EBIT) came in at EUR -2.0 million (previous year: EUR 0.86 million). Nevertheless, our financial position remains strong: The consolidated equity ratio was 67.5 % as of the reporting date, 30 June 2009. With cash and cash equivalents of EUR 5.6 million, we are well equipped to finance our planned growth strategy. In addition to this, a KfW (Reconstruction Loan Corporation) loan has allowed us to secure the current low borrowed capital costs for the long term, increased our independence and improved our financing scope.

Nanogate celebrated its tenth birthday at the end of August. As a global leader, we have shaped the development and marketing of nanotechnology since the company began operations in 1999. While we initially focussed on the enhancement of bathroom equipment we now concentrate on improving the efficiency of diesel engines, printers and optical systems with high-tech applications based on chemical nanotechnology. To date we have worked together with customers to bring over 200 solutions to production and submitted more than 60 patents and as many patent applications.

It is our experiences over the last ten years that have taught and motivated us to continue pursuing our growth strategy. In the current economic climate we are not simply focussed on maximising profits in the short term by making huge cost cuts; instead we want to make use of significant potential to increase sales and profits in the medium and long term. Using our good market position and financial strength as a foundation, we intend to pursue the following three opportunities for growth:

1. We want to strengthen our market position internationally in the four industries in which we operate – automotive/mechanical engineering, buildings/interiors, sport/leisure and functional textiles. The innovation offensive we began in March is also making a contribution here and indeed has already produced new products. We will generate significant sales from these products in the coming months and on a larger scale by 2010 at the latest.
2. Nanogate's plans to develop and market its new technology platforms are going according to schedule. As a result of this, and thanks to other developments in recent months, we have created and are currently introducing a variety of applications and products. Based on this significant expansion of its product portfolio, Nanogate has identified three attractive and promising fields of expertise: energy efficiency, air filtration and light guiding. We will integrate the relevant new applications and solutions within these fields of expertise in the future, irrespective of the technology platform in use. This will allow Nanogate to improve its sales potential in the field of sustainability (Green Nano). The first products in the fields of energy efficiency layers and efficient air filtration are now ready for marketing and we expect pilot mass production orders in the near future, perhaps even in 2009. In addition to this, our ground-breaking technology for efficient light guiding (DotfarmOptics®) will soon be ready for production as an application.
3. We will grow as a result of selective acquisitions and investments. As well as developing new technologies and applications this will also enable us to open up new sales channels. We are currently in discussions in relation to this and are in the process of sounding out the market.

With technological expertise and innovative strength, Nanogate is concentrating on its long-term growth strategy in the 2009 financial year. For this reason, development and sales expenses will impact on the annual result. Nevertheless, the second half of the year has the potential to be significantly better than the first six months despite the current economic developments, the consequences of which remain unknown for Nanogate. Since July we have recorded a clear upturn in incoming orders and an improvement in sales figures; our sales and innovation offensive is having an effect. We are currently in promising negotiations to create additional orders in all four industries and to develop new business relationships. The cost of the innovation offensive will drop from the second half of the year onwards because most of our new projects are well underway. Investments for the new technology platforms are also expected to fall gradually because initial projects are now ready for production. We are confident that sales will increase considerably as early as the second half of the year and that operating cash flow will improve substantially. If we are able to implement the planned projects and orders as expected, Nanogate could almost break even in terms of its EBIT in the second half of the year. We are examining all areas of the company for any potential that might help to achieve this. Even individual cost reduction measures will contribute to an improved result.

Regardless of the currently weak sales situation, the medium and long-term prospects of Nanogate remain good. Our business is safeguarded by our comprehensive portfolio of applications. The presence of additional solutions and the development of international markets will also improve our medium and long-term sales potential. Nanogate will therefore come out of the crisis considerably stronger than before and is on course to return to profit as long as the economic conditions continue to improve as expected. Nanogate is well equipped and has the necessary financing to achieve its aims. Our innovations enable our customers to get ahead of the competition – with better-performing products, cost-effective production and benefits for the environment. These advantages ensure that both our customers and Nanogate itself continue to grow. We are optimistic that our strategy of developing technology and opening up markets will pay off and, combined with its strong financial position and mass production, Nanogate is on course to achieve record sales and results in the medium and long term.

Yours,



Ralf Zastra (CEO)



Michael Jung (COO)

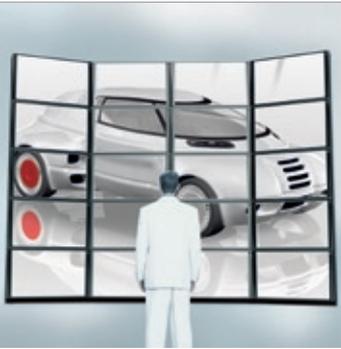


Ralf Zastra (CEO)



Michael Jung (COO)

Interim report



Performance profile of the Nanogate Group

The Nanogate Group (Nanogate) is an internationally active enabler, opening doors for companies in various industries by introducing them to the diversity of possibilities that nanotechnology can offer them. Nanogate possesses a broad spectrum of practical expertise in the fields of physical and chemical nanotechnology. With its knowledge of the properties of nanostructured materials and its process and engineering know-how, Nanogate enables its customers to access this cross-sectional technology in order to improve their products and thereby to increase their competitiveness and earning power. As an enabler Nanogate is the central interface between manufacturers of the source materials and suppliers of innovative industrial products.

The Nanogate Group consists of the parent company Nanogate AG, Göttelborn, and the three associated companies Nanogate Advanced Materials GmbH (NAM), Göttelborn, Holmenkol AG (Holmenkol), Ditzingen, with its subsidiaries, and FNP GmbH (FNP), Göttelborn.

In operational terms, the parent company Nanogate AG concentrates mainly on the Multifunctional Surfaces segment. This business segment essentially involves the enhancement of various products with the help of nanotechnology – mainly in the fields of buildings/interiors, automotive/mechanical engineering and functional textiles. Nanogate AG has an equity holding of 50.01 % in Holmenkol AG, Ditzingen. The company has been in the process of being fully consolidated since September 2008. With over 85 years of expertise, particularly in winter sports, Holmenkol is a company with a long tradition. The company is being expanded as a strategic partner of Nanogate AG in the field of sport/leisure and is to be developed into a leading international provider of sports surfaces. Its existing product range and technological expertise is currently being considerably extended, for example in the new aquatics field. FNP GmbH, Göttelborn was established in November 2008 and is a wholly-owned subsidiary of Nanogate AG. It concentrates its business on products in the field of sport/leisure. While Holmenkol is focussed on the premium segment, FNP GmbH is to tap new segments in the volume market. For this reason, the venerable brand Feldten was also acquired in November 2008. Care products for sports and leisure products have been sold under this name for over 120 years. Nanogate, Holmenkol and FNP work closely together in developing technology and products and in opening up new markets.

Nanogate AG is also developing a select range of new and complex applications in the Advanced Applications segment. These are primarily projects in the field of optics. Nanogate Advanced Materials GmbH, Göttelborn, is a wholly-owned subsidiary of Nanogate AG. The equity holding is being fully consolidated and is assigned to the Advanced Applications segment. The company is mostly concerned with complex applications and systems for high-volume, highly specialised markets, primarily nanostructured high-performance optics.

Important events in the first half of 2009

In February 2009 Nanogate was again represented at the world's foremost nanotechnology trade fair, nano tech, in Tokyo. With its own stand for the first time, the nanoGlide® product family was introduced to the Asian market in Tokyo. This product family is primarily intended for manufacturers of components for the machinery and plant engineering industry. nanoGlide® improves the gliding properties of metallic elements. Reduced resistance improves the energy efficiency of machinery enhanced by Nanogate.

Nanogate launched an innovation offensive in March in order to tap additional sales opportunities. This will allow Nanogate's customers to achieve important sales and earnings advantages. New applications in the field of functional textiles formed the prelude to the innovation offensive. One innovation has been to enhance surfaces with a new protective layer to considerably improve dirt resistance. Other innovations are planned in the automotive and mechanical engineering field in order to improve energy efficiency. New solutions and applications will also be presented in the area of air purification and building protection.

Since March, Nanogate has also provided a new protective layer for the seating upholstery of the Opel Insignia, the "2009 car of the year". Nanogate's "Top Tec" technology prevents dirt or liquids such as coffee, ketchup or oil from permeating fabric and contaminating the material. General Motors authorised worldwide production of Nanogate's coating so that other brands within the US company can use the technology in future.

Nanogate began to develop the Austrian retail market in April. Several textile care products are available in the supermarket chains of the REWE Group (BILLA, BIPA, Merkur, Sutterlüty). The products are marketed under the Feldten brand, which Nanogate acquired in November 2008.

At the Hanover Fair in April, Nanogate also signed a cooperation agreement with Special Coatings GmbH & Co. KG. The aim of the agreement is to develop new solutions for the mass-produced small-parts coating market such as high-quality screws or electronic components. A number of new solutions were also presented, such as for the enhancement of artificial surfaces. The first application will be for helmet visors for professional users.

In June, Nanogate published the results of an initial evaluation of the effectiveness of the NanoGuard® surface coating. The product was tested on Europe's longest urban tunnel in Stockholm and the results showed that the amount of time needed for cleaning was halved after the walls of the tunnel and concrete crash barriers were coated with NanoGuard®. As a follow-up project, the surface coating was used on the Swedish embassy in Washington – the first time it was used on natural stone on a large scale.

Nanogate is proceeding on schedule with the development and marketing of additional applications, based on the new technology platforms as well, and will be focussing on three promising fields of expertise from now on:

- The field of energy efficiency encompasses applications for more efficient heat exchangers in heating systems (developed with Bosch) and solutions which improve the gliding properties of metallic substrates (nanoPlating®). Other solutions are to be put into production in the current year.
- Production is also set to be started by customers in the field of air filtration, also on the basis of Nanogate's N_Charge® technology. Nanogate now offers a range of innovative filter systems which not only perform better but are also more durable and have additional antibacterial protection.
- In the field of light distribution, an initial application for the efficient use of light and improved light guiding based on groundbreaking DotfarmOptics® optical technology will soon be ready for production.





Our investment strategy will begin to pay off from next year onwards: In 2010, Nanogate expects applications from the three newly formed fields of expertise to start making significant contributions to sales and results. In this context, current development funding will gradually decrease; only in the field of light guiding will the high level of investment and expenses continue.

Sales and earnings position

Nanogate has shown its strengths in the current financial and economic crisis. Nevertheless, the development of Nanogate's business in the first half of the year was shaped on the customer side by the general economic conditions and on the company side by its plans to open up international markets and develop technology. Interest in Nanogate solutions and applications remains high, although sales fell in the first half of the year as expected.

In total, Group sales fell in the first half of the year to EUR 4.09 million (previous year: EUR 4.82 million). This reflects the marked decreases in the high-margin automotive/mechanical engineering sector as well as the buildings/interiors sector, the two industries most affected by the global economic crisis. Order volumes fell in some areas by significant double-digit percentages. For a time, the printing industry completely dried up as a sales market for Nanogate, as there were barely any sales of new machines across the sector. Medium-sized customers were hit particularly hard by the crisis and reduced or delayed some of their orders. Sales in the Multifunctional Surfaces core business segment fell to EUR 4.02 million (previous year: EUR 4.53 million). In the promising Advanced Applications segment, sales amounted to EUR 0.06 million (previous year: EUR 0.29 million). In this segment, the company is mainly concentrating on complex applications in the field of optics, which should contribute to future growth. The development of the technology platform is proceeding according to schedule, with noteworthy sales expected from 2010 onwards. Foreign business accounted for 40.8 % (previous year: 41.8 %), or EUR 1.67 million (previous year: EUR 2.0 million), almost identical to the previous year. Overall Group performance (sales, changes in inventories, internally produced and capitalised assets, and other operating income) dropped to EUR 5.71 million (previous year: EUR 7.15 million).

Despite the temporary drop in sales, Nanogate continued to open up international markets and develop technology as planned in order to expand its long-term market position. The cost of raw materials and supplies amounted to EUR 1.62 million in the reporting period (previous year: EUR 1.51 million) – the increase was due to the temporary change in the product range. The cost of raw materials and supplies ratio (cost of raw materials and supplies in relation to sales) rose to 39.6 % (previous year: 31.3 %) owing to decreased sales in industry-oriented business. Gross earnings (including internally produced and capitalised assets) amounted to EUR 4.09 million (previous year: EUR 5.64 million). Nanogate invested in additional employees, primarily in sales and the development of technology, in order to reach medium and long-term targets. This caused personnel expenses to increase to EUR 2.64 million (previous year: EUR 2.05 million), while the personnel expenses ratio (personnel expenses in relation to sales) rose to 64.7 % (previous year: 42.6 %). Other operating expenses also reflect the expansion course which Nanogate is following with a view to future sales and earnings. They rose to EUR 3.07 million (previous year: EUR 2.66 million). Other operating income was higher than in the same period in the previous year, largely due to the Holmenkol transaction.

The development of Nanogate's results is shaped by the current – but in our opinion temporary – weak sales situation as well as the large investments in sales and technology. For this reason, the consolidated EBITDA fell to EUR -1.57 million (previous year: EUR 1.1 million). Depreciation increased accordingly to EUR 0.44 million as planned. EBIT (including interest income, not including interest payments) amounted to EUR -2.01 million (previous year: EUR 0.86 million). In the future, Nanogate will report EBIT as a key management tool in view of the financing structure of Holmenkol AG, which is characterised by borrowed capital, as is typical for the industry. Interest payments rose as a result of consolida-

tion. EBT came to EUR -2.16 million (previous year: EUR 0.78 million). The result for the period after taxes and minority interests was EUR -1.25 million (previous year: EUR 0.69 million). The Group is currently concentrating on significantly expanding sales potential and therefore accepts this weak result. Earnings per share for the first half of the year fell to EUR -0.66 (previous year: EUR 0.36). A balance sheet profit of EUR 1.36 million (previous year: EUR 3.06 million) was recorded due to the profit carried over from the previous year.

Assets and financial position

The Group is financially well positioned to continue its planned growth strategy. As of the reporting date, 30 June 2009, the Group held cash and cash equivalents of EUR 5.62 million (31.12.2008: EUR 8.48 million). In August, Nanogate also secured long-term financing at a good interest rate with a KfW (Reconstruction Loan Corporation) loan (see also Supplementary report). The equity ratio remained almost the same at 67.5 % (31.12.2008: 69.3 %). The balance sheet total came to EUR 31.31 million (31.12.2008: EUR 32.57 million). This decline is largely due to consolidation effects in addition to the first-half loss. Intangible assets increased to EUR 12.04 million (31.12.2008: EUR 10.76 million) due to consolidation. The value of tangible fixed assets rose to EUR 5.41 million (31.12.2008: EUR 5.08 million) due to the ongoing investment strategy.

Trade receivables fell to EUR 1.6 million (31.12.2008: EUR 2.9 million) on account of the reporting date. Nanogate has not yet recorded any significant defaults on payment. Trade liabilities amounted to EUR 1.02 million (31.12.2008: EUR 1.70 million), while raw materials and supplies remained practically the same at EUR 2.13 million (31.12.2008: EUR 2.17 million). Current provisions went up to EUR 0.48 million (31.12.2008: EUR 0.25 million), reflecting the conservative business policy and risk provisioning.

Operating cash flow came to EUR -1.16 million (previous year: EUR 0.03 million) in the first half of the year because of the continuous rapid rate of expansion and the temporarily weak sales. Cash flow from investment activities reflects the long-term growth strategy and amounted to EUR -2.0 million (previous year: EUR -1.98 million). The sales revival and anticipated lower investment levels make a significant improvement possible in the second half of the year. Cash flow from financing activities, at EUR -0.31 million (previous year: EUR -0.37 million), remained at the previous year's level.

Employees

The (average) number of employees across the Group rose in the reporting period to 74 (previous year: 67). New employees were hired, especially in sales and technology. The number of employees also increased due to consolidation effects. Sales per employee amounted to about EUR 55,000 in the first half. The company currently employs eight apprentices.

Since September 2009, Nanogate has introduced reduced working hours due to the economic developments in the industries in which Nanogate operates. Capacities will not be reduced by cutting jobs because the company believes the problem is temporary. Nanogate instead wants to provide its skilled employees with long-term prospects and preserve these high-quality jobs. Nanogate will continuously review actual demand and return to normal workload as soon as the market conditions allow it. Management and the Management Board are participating in the measures and are voluntarily giving up 10 % of their salary while still performing all of their duties.

Risk report

There has been no significant change to the risk position as outlined in the 2008 annual report.



Supplementary report

In July Nanogate co-founded the “Anti-Graffiti” action group as part of the “NanoSafe Saarland” state program, a project which is part of the Saarland economic stimulus package. The action group focusses on sustainable and environmentally friendly renovation which protects public surfaces from algae and moss growth, as well as from deliberate vandalism, in particular graffiti.

Nanogate secured the long-term and independent financing of the planned growth strategy in August with a low interest loan. The KfW (Reconstruction Loan Corporation) loan from the ERP innovation program is for a total of EUR 3 million, has a term of 10 years and will not require repayment in the initial years. The interest rate of about 4.5 % is fixed for the entire term of the loan; Nanogate can call on the credit line when needed without having to pay any fees. The agreement was processed through Nanogate’s banks SaarLB and Saarländische Investitionskreditbank AG.

Thanks to comprehensive strategic cooperation with the specialised nanotechnology company sarastro GmbH, Nanogate will be able to equip materials with new biological characteristics in the future and create antimicrobial, extremely hygienic surfaces. The first joint products of the two Saarland-based companies in the fields of buildings/interiors, sport/leisure and automotive/mechanical engineering are set to be introduced to the market by the end of 2010.

Forecast

In the first half of 2009, the global economy was mired in the strongest recession of recent decades. Economic performance fell dramatically in industrialised nations, particularly Germany and the USA. Automotive and mechanical engineering were particularly affected, as were other industrial applications, while private consumption remained largely stable. However, this trend has since started to reverse: Germany’s GNP improved again in the second quarter and other important economic indicators point towards an end to the recession. As a cross-sectional technology, nanotechnology is less affected by the economic downturn because it provides companies in different industries with competitive advantages – by means of better-performing products, more cost-effective production and environmentally friendly materials.

The strategic orientation of Nanogate as an enabler has proved its worth under the current conditions. The Group serves as a central interface between manufacturers of source materials and its customers, and provides companies from different industries with an advantage over the competition through innovation. Nanogate’s contracts with REWE in Austria and its partnership with Opel are evidence of its good positioning. Nanogate acquired new customers in the first half and further increased its sales potential. Nevertheless, Nanogate was unable to avoid the difficult conditions, particularly in the fields of automotive/mechanical engineering and buildings/interiors. As expected, there was good momentum in the field of sport/leisure.

Nanogate was able to continue its growth strategy unabated despite these conditions. A comprehensive innovation offensive is currently underway to develop new sales markets. The Group will benefit from this in the medium and long term as soon as the industry is once again open to innovation. At the same time, the development and introduction to market of new applications and technology platforms in the three fields of expertise is proceeding according to plan. The development of international markets is also continuing as planned. These three building blocks, along with possible growth through acquisitions and investments, provide a basis for further development. They should open up considerable sales and earnings potential for Nanogate in the medium and long term. The costs of the innovation offensive currently underway will start to decrease in the second half of the year. Development costs are also continuously falling while the streamlined cost structure and individual cost savings are helping to offset the downturn in earnings.

Nanogate is currently concentrating on its expansion strategy with the aid of technological expertise. Maximising profits in the short term with abrupt cost-cutting programs would considerably reduce long-term opportunities. Despite the uncertainty surrounding the future development of the economy, Nanogate believes that the second half will be better than the first half because interest in Nanogate solutions remains high. After a weak June, sales and incoming orders have picked up considerably since July, thus confirming our strategic orientation. We are currently in a number of negotiations for additional orders. Sales and operating cash flow are therefore set to improve dramatically in the second half in comparison to the first half. If the planned projects and orders are implemented as expected, Nanogate could almost break even (EBIT including interest income, not including interest payments) for the second half of the year. Despite temporary weaknesses, the medium and long-term prospects of Nanogate remain good. The Group is in a strong strategic position and is extremely innovative. Our business is safeguarded by our comprehensive portfolio of applications as well as the large number of our products in mass production. Additional solutions, in particular in our three new fields of expertise, and the development of international markets also improve our medium and long-term sales potential. Nanogate will therefore emerge from the crisis considerably stronger than before. The current projects will have a significant positive effect on sales and results as early as 2010. This will allow Nanogate to quickly return to its profitable growth course, provided that the economic conditions continue to improve as expected.

Saarbrücken, September 2009



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 2009

	30.06.2009	30.06.2008
	2009	2008
	EUR,000	EUR,000
Sales	4,087	4,817
Decrease in finished goods and work in progress	-93	-203
Other internally produced and capitalised assets	1,229	1,023
Other operating income	484	1,514
Financial income	53	164
Cost of raw materials and supplies	-1,618	-1,508
Personnel expenses	-2,643	-2,053
Other operating expenses	-3,066	-2,658
EBITDA	-1,567	1,096
Amortisation of intangible assets and depreciation of tangible fixed assets	-440	-237
EBIT	-2,007	859
Interest payments	-156	-78
Earnings before taxes on income	-2,163	781
Taxes on income	672	-120
Consolidated result before minority interests	-1,491	661
Allocation of losses to minority interests	0	0
Pro rata earnings of minority interests	245	26
Earnings share of equity providers	-1,246	687
Profit carried over from previous year	2,609	2,375
Transfer to retained earnings	-	-
Balance sheet profit	1,363	3,062
Earnings per share (EUR)		
Earnings per share, basic (EUR)	-0.66	0.36
Earnings per share, diluted (EUR)	-0.66	0.36
Weighted average no-par-value bearer shares		
Basic	1,900,000	1,900,000
Diluted	1,900,000	1,900,000

Consolidated balance sheet of Nanogate AG

to 30 June 2009

<i>Assets</i>	30.06.2009	31.12.2008
	EUR ,000	EUR ,000
<u>Non-current assets</u>		
Intangible assets	12,044	10,763
Tangible fixed assets	5,412	5,076
Financial assets	700	598
Other assets	69	17
Deferred taxes	2,912	1,918
	21,137	18,372
<u>Current assets</u>		
Raw materials and supplies	2,125	2,166
Trade receivables	1,599	2,868
Other financial assets	26	58
Other assets	661	382
Income tax receivables	142	242
Cash and cash equivalents	5,623	8,477
	10,176	14,193
	31,313	32,565

Consolidated balance sheet of Nanogate AG

to 30 June 2009

<i>Equity and liabilities</i>	30.06.2009	31.12.2008
	EUR ,000	EUR ,000
Equity		
Subscribed capital	1,900	1,900
Capital reserves	14,669	14,594
Retained earnings	1,331	1,331
Balance sheet result	1,363	2,609
Minority interests	1,887	2,136
	21,150	22,570
Non-current liabilities		
Financial liabilities	1,425	1,450
Trade liabilities	57	76
Other financial liabilities	1,924	1,960
Provisions	31	23
Other liabilities	309	293
Deferred tax liabilities	2,917	2,650
	6,663	6,452
Current liabilities		
Financial liabilities	1,145	725
Trade liabilities	962	1,623
Other financial liabilities	375	349
Provisions	484	251
Other liabilities	534	595
	3,500	3,543
	31,313	32,565

Consolidated cash flow statement (to IFRS)

for the period 1 January to 30 June 2009

	1.1.-30.6.2009	1.1.-30.6.2008
	EUR ,000	EUR ,000
Result before taxes on income	-2,163	783
Depreciation of fixed assets	440	237
Decrease/increase in provisions	234	-107
Profit/loss from asset disposals	-	-617
Other income and expenses not affecting earnings	115	-526
Increase/decrease in inventories and trade receivables and other assets that cannot be allocated to investment or financing activities	1,161	-1
Increase/decrease in trade payables and other liabilities that cannot be allocated to investment or financing activities	-943	321
Sub-total	-1,156	90
Income tax payments	-1	-63
Cash flow from operating activities	-1,157	27
Proceeds from disposal of fixed assets and capitalised expenses	-	1
Payments for investments in intangible and tangible fixed assets	-1,857	-1,753
Payments for investments in financial assets	-145	-277
Payments from the sale of consolidated companies	-	2,137
Payments from the acquisition of consolidated companies	-	-2,086
Cash flow from investment activities	-2,002	-1,978
Proceeds from the raising of loans	330	-
Payments for the redemption of loans	-25	-367
Cash flow from financing activities	305	-367
Changes in cash and cash equivalents with effect on payments	-2,854	-2,318
Cash and cash equivalents at the beginning of the period	8,477	12,378
Cash and cash equivalents at the end of the period	5,623	10,060
Interest income paid on	93	136
Interest payments made	78	35
Income tax paid	1	63
Dividend payments made/received	-	-

Consolidated statement of changes in equity of Nanogate AG

for the period 1 January to 30 June 2009

	Subscribed capital	Capital reserves	Retained earnings	Consolidated balance sheet profit	Equity held by parent company	Minority interests	Total equity
	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000
Position as of 01.01.2006	1,900	13,785	581	1,079	17,345	1,176	18,521
Payment into equity						222	222
Share options granted		44			44		44
Earnings share of equity providers for the period 01.01.-31.12.2007				1,296	1,296	-98	1,198
Position as of 31.12.2007	1,900	13,829	581	2,375	18,685	1,300	19,985
Transfer to capital reserve as a result of the acquisition of minority interests		743			743		743
Acquisition of minority interests						-1,274	-1,274
Minority interests as a result of mergers						2,414	2,414
Share options granted		22			22		22
Transfer to retained earnings (decision of shareholders' meeting of 24 June 2008)			750	-750			
Earnings share of equity providers for the period 1.1.-31.12.2008				984	984	-304	680
Position as of 31.12.2008	1,900	14,594	1,331	2,609	20,434	2,136	22,570
Equity procurement costs		-15			-15	-15	-30
Share options granted		90			90	11	101
Earnings share of equity providers for the period 1.1.-30.6.2009				-1,246	-1,246	-245	-1,491
Position as of 30 June 2009	1,900	14,669	1,331	1,363	19,263	1,887	21,150

Notes to Nanogate AG's consolidated financial statements

Nanogate AG's consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity to 30 June 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) and do not differ in accounting principles and methods from the annual financial statements for 2008 (to IFRS). The figures are unaudited. The consolidated figures include Nanogate Advanced Materials GmbH (fully consolidated), Holmenkol AG (fully consolidated) and Holmenkol Gesellschaft mbH, Lauterach, Austria (fully consolidated). All amounts denominated in euros are stated either in thousand euros (EUR ,000) or in million euros (EUR m).

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