



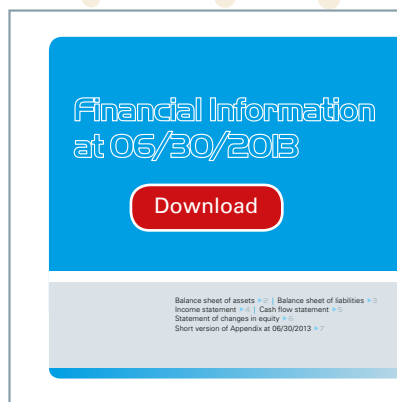
Half-Year Report
at 06/30/2013

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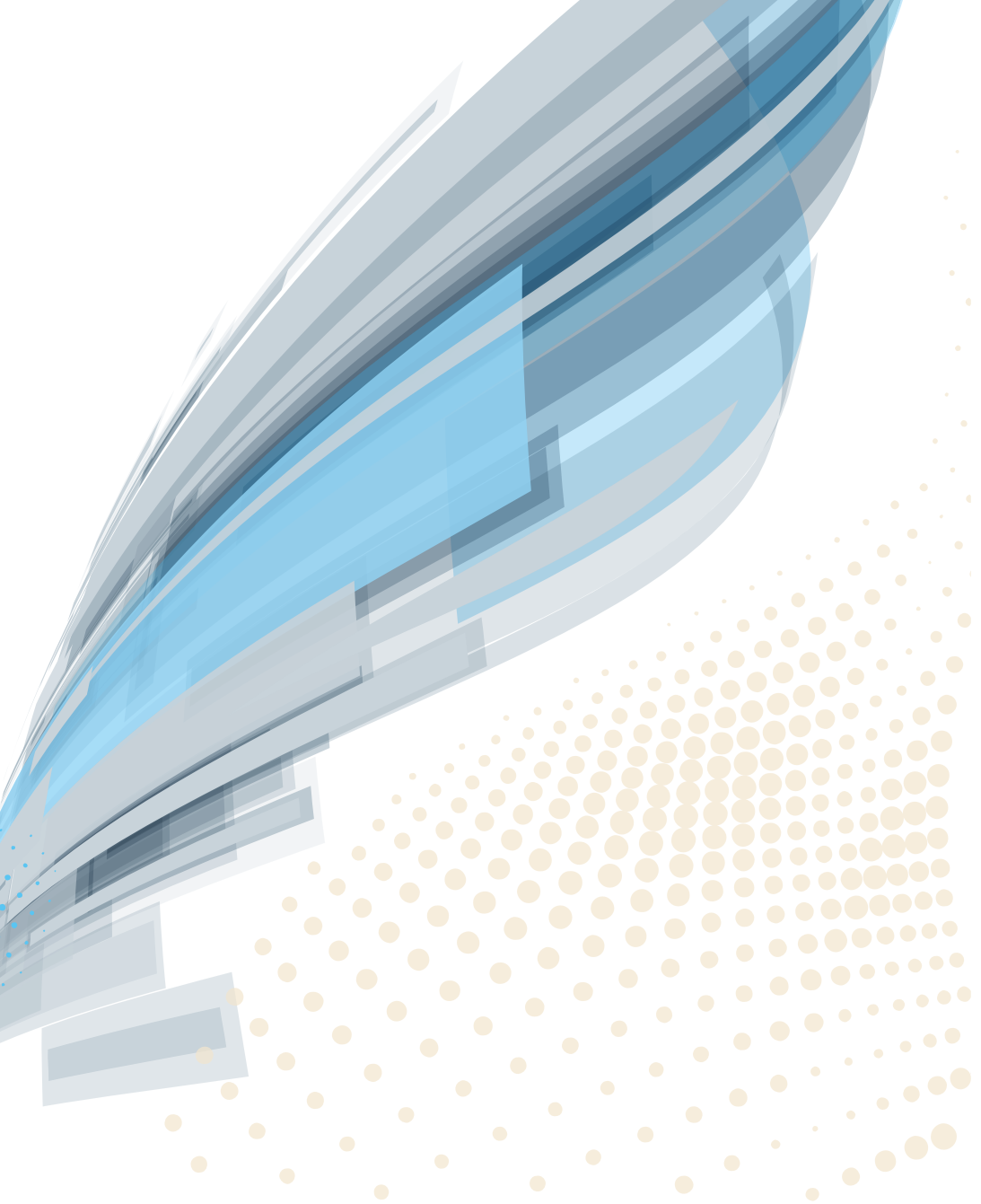
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Foreword

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Dear Shareholders,

with half-yearly revenue of EUR 2.8 million, NanoFocus AG is, at this point during the year under review, below the year-before level. However, an examination of orders received as well as of already confirmed projects shows that we can expect an extremely good third quarter in economic terms and can expect the second half of the year to be positive overall.

In previous years, we have always witnessed weaker revenues in the first half of the year followed by a significantly stronger second half. Many large projects that are implemented over the course of the entire year do not impact on revenue until the second half or, in some cases, even the final quarter of the year. The proportion of our so-called project business has continued to grow during the current financial year as planned. This has naturally augmented the cyclical difference between the two half-years.

On the basis of the current state of planning, we are expecting revenues of EUR 3 million in the third quarter of 2013. We then expect to see a further increase in the fourth quarter since this is traditionally the quarter in which we enjoy our strongest revenues. We therefore consider that it is perfectly realistic to expect to achieve our annual revenue objective of EUR 10 million.

During the first half of the year, we have further developed and given concrete shape to our strategy and capital market story. NanoFocus AG's business model is based on three pillars: Our basic business centered around the sale of standard systems implemented on our established technology platforms µsurf, µsprint

and µscan. Service provision, as the second pillar, is constantly growing in importance.

To this, we can add the high-revenue, profitable project partnerships with major industrial customers for whom we develop and produce complex process tools. In this sector, we have been very successful in the manufacture of efficient engines and in the field of quality assurance in the semiconductor industry. The surface finishing of sensitive consumer goods and the ongoing development of medical technology are further industrial megatrends of the coming decades from which NanoFocus AG will be able to benefit substantially thanks to its leading technology.

Our basic business has been realigned and set on a solid foundation and is therefore once more heading in the right direction. As of the second half-year, we are expecting to see this area make a greater contribution to profits. Business in large industrial systems which has been expanded and is of great importance for the future of NanoFocus AG is continuing to develop well. We are therefore convinced that our current projects, combined with the measures we have implemented, will contribute to an extremely satisfactory

Dipl.-Phys. Jürgen Valentin
Chief Technology Officer (CTO)
and Spokesman of the
Management Board



overall year. These measures include a significant strengthening of our sales structures, entry into the world of full automation with major semiconductor manufacturers, and the further extension of the enormous market potential present in the field of innovative engine manufacture.

Excellent prospects in the automotive sector

In technological terms, µsurf cylinder is the leading system for the inspection of cylinder running surfaces in engines. The surface design of these running surfaces is one of the key parameters for the development and error-free production of particularly energy-efficient car engines. Our successful, high-revenue collaboration with Volkswagen demonstrates the great potential of this technology within the automotive industry. In 2012, a large proportion of our annual revenue was attributable to the development, manufacture and ongoing project support for these process tools.

Other automotive manufacturers have shown considerable, concrete interest in using NanoFocus's measurement technology. We are therefore confident of acquiring further large-scale customers in this sector during 2013. At the same time, we remain committed to our existing, long-term, forward-looking partnerships with our key accounts in this sector. The question of efficiency will be a key issue in the coming decades and most specifically in connection with the production and optimization of car engines.

Arrival of full automation for semiconductor products

One particular flagship project that we intend to implement in the second half of the year consists of the production and delivery of the first fully automated

measurement systems for quality assurance applications in the semiconductor industry. This high-revenue project represents an important step for NanoFocus. Our μsprint technology has already been used for many years by leading international semiconductor manufacturers for production inspections in the manufacturing environment. The new fully automatic solution that we are developing for a globally active electronics group represents a technological milestone for the fully automatic inspection of semiconductors. In this sector, we are also conducting initial negotiations with further electronics groups regarding the scheduling and construction of further fully automated systems. This development will enable us to benefit from the continuing miniaturization of electronic consumer goods and the growing quality requirements that this implies.

Strengthened sales activities in the standard segment

While industrial systems projects can often take months or even years to impact on revenue, the sale of small and mid-sized laboratory equipment offers the potential to secure a short-term increase in revenue. Even though, in our opinion, large-scale industrial systems offer a significantly higher revenue potential in the long term, we can hardly claim to be satisfied with our sales figures for standard equipment in the last two financial years. One of our important short-term aims is therefore to close this gap and learn from our experiences of recent years. We are therefore delighted to have been able to significantly strengthen the human resources and quality of our sales team through the appointment of experienced industry specialists.

There are many different target groups for our versatile systems, such as the μsurf explorer, for example. These range from innovative mid-sized enterprises through industrial research institutes and on to the development departments of

international groups. The improved coordination of our sales activities, combined with faster, more professional structures for recording and handling customer requests will therefore be a key objective of the coming months.

Increased demand at the leading trade fair Control

The scale of the interest in our technologies was once again demonstrated by the success of our booth at the industry's most important trade fair, "Control". New products such as the optimized compact measuring head for the μ surf range and our new multisensor system were greeted with enormous interest. In addition, trade visitors from the automotive and semiconductor industries took advantage of the personal contact to benefit from in-depth advice and assistance. Visitor numbers climbed to a record level. There were numerous inquiries and, in total, the number of relevant customer contacts and follow-up meetings arranged were 20% up on the previous year's extremely satisfactory trade fair presence. Our success at this trade fair is one further reason why we are looking forward positively to the second half-year and, beyond that, to the future development of NanoFocus.

Positive annual result expected for financial year 2013

The reinforcement of our sales capabilities, the acquisition of new customers in the automotive and semiconductor industries, the extension of key account activity involving the conduct of previously agreed large-scale projects and our concentration on a total of four market niches will be the defining features of the second half of 2013 as well as of the 2014 financial year. We also expect many of these measures to have a positive effect on revenues in the short term. Moreover, we are intent on working to implement faster product management so

that our customers can benefit even more greatly from the innovative strengths and cutting-edge technology that characterize NanoFocus AG.

We are confident that we will be able to continue the sustainable, stable growth trend of recent years and conclude the 2013 financial year with an EBIT margin of 5 % at sales of approximately EUR 10 million.

Kind regards

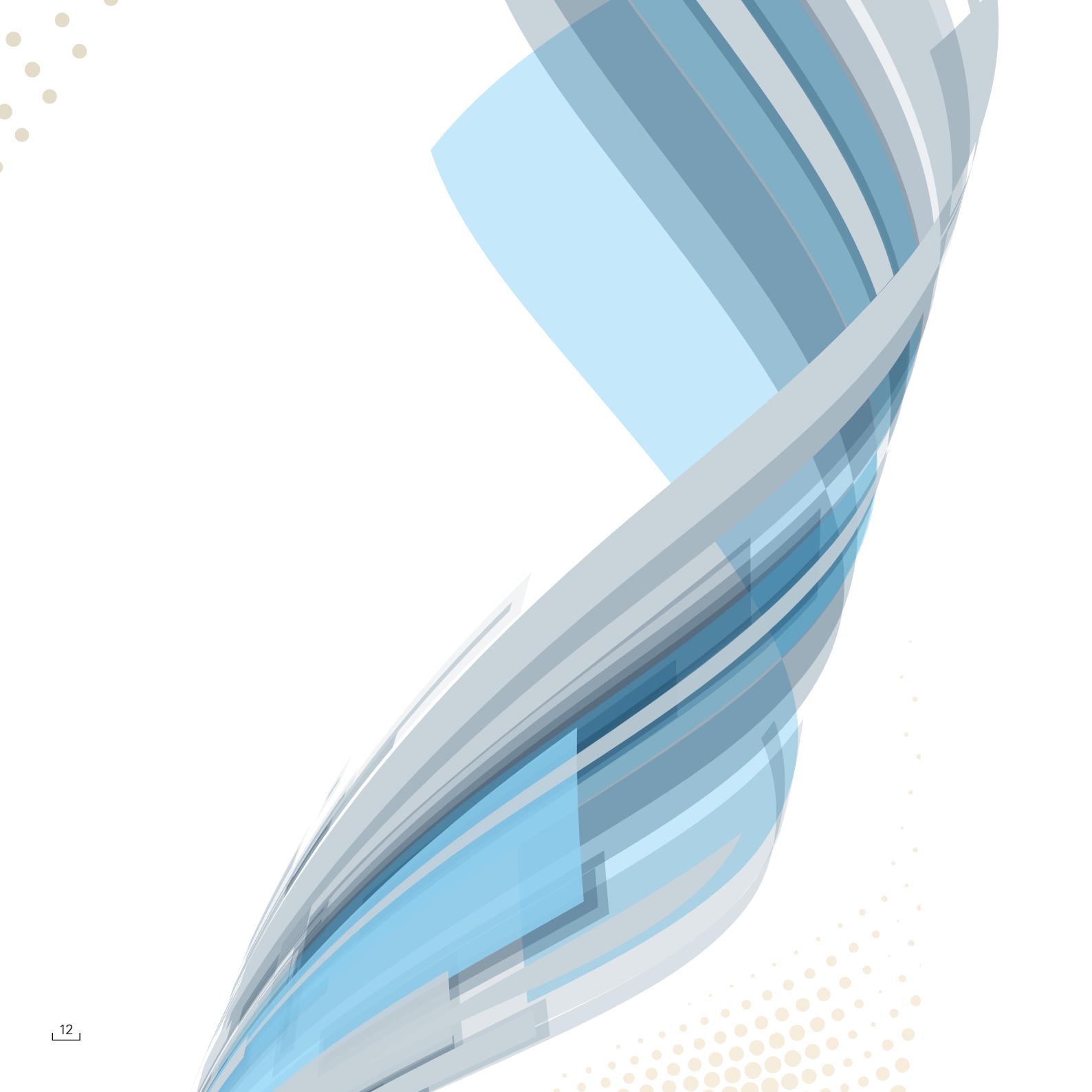
Jürgen Valentin

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Chief Technology Officer (CTO)
and Spokesman of the Management Board



19.07.2013 NanoFocus AG - Ordentliche Hauptversammlung 2013

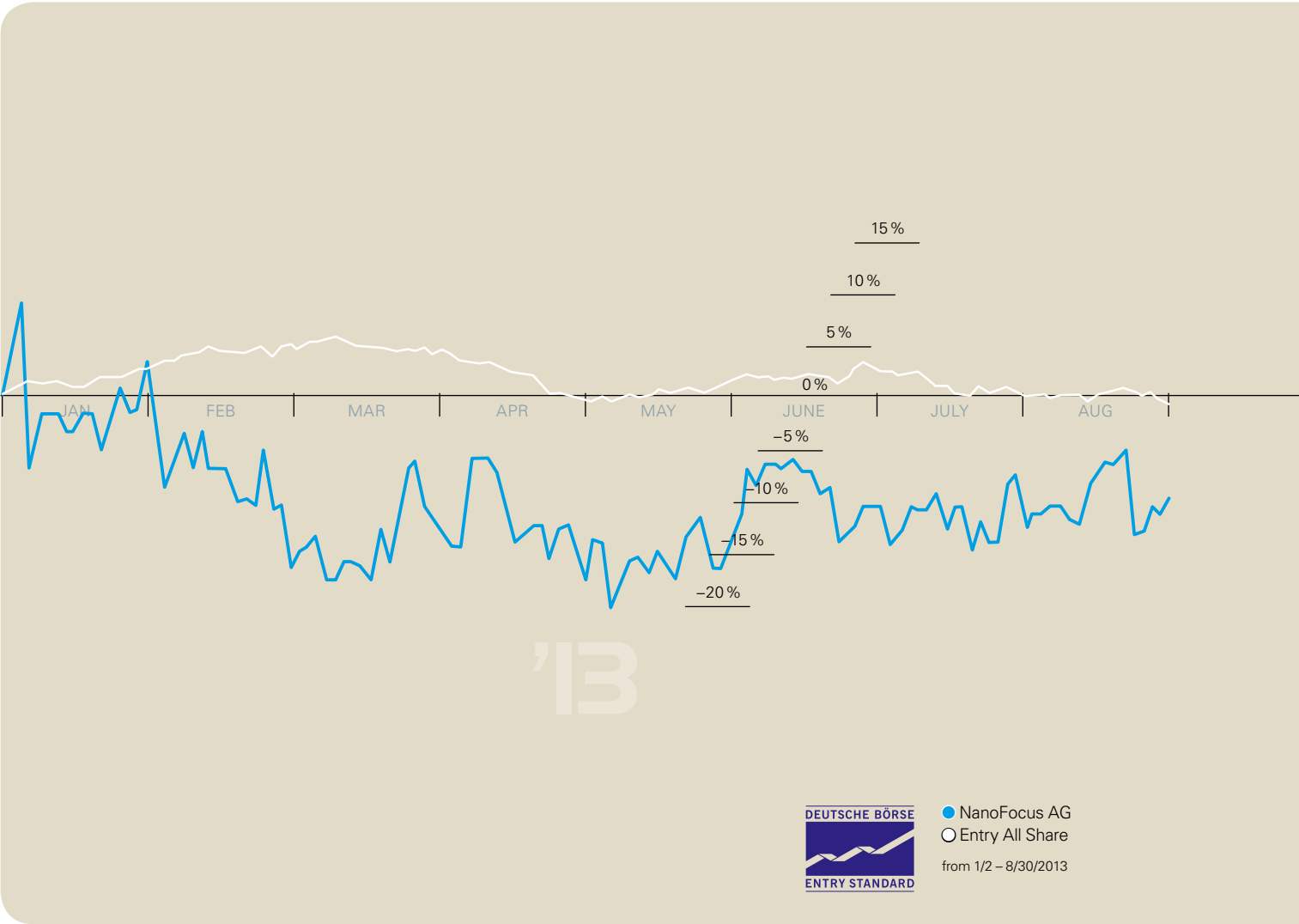




Share value at 06/30/2013

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Share value at 06/30/2013



Price development and analyst evaluation

During the reporting period, the NanoFocus share price remained below the level of the Entry Standard. In an environment characterized by sales pressure, the advance notice of a positive result of the 2012 financial year only had a slightly stabilizing effect in early 2013, so that the share fell below the benchmark of the index in the new financial year.

With half-year sales of kEUR 2,705, NanoFocus AG fell short of the corresponding 2012 figure (kEUR -675), while the EBIT of kEUR -1,144 failed to reach the 2012 financial benchmark. Despite this, the outlook for the second half-year is positive and we are expecting to see an increase in both sales and results over the year as a whole.

The general mood on the stock market concerning second-tier stocks has not changed greatly compared to 2012. There is still a relatively high level of volatility and strategic investors in small- and microcaps are very cautious. Developments on the DAX also fluctuated considerably. A difference of 1,000 index points was once again recorded during the reporting period. The increased fluctuation ranges are leading to risk premiums and continue to represent a burden, in particular for micro- and small caps.

Analysts' evaluations of the NanoFocus share price in the first half of 2013 indicated a price objective of EUR 3.90. Researchers consistently recommended buying NanoFocus shares. These evaluations confirm NanoFocus in its approach.

Investor Relations activities

In order to further increase public awareness of NanoFocus AG, regular investor talks were held, and the business model and market opportunities of NanoFocus AG were presented at various national analyst conferences. NanoFocus AG gave a presentation on 5th May at the Spring Conference of the German Stock Exchange and on 6th June at the m:access conference of the Munich Stock Exchange. Presentations and a round table event had already been held during the second half of the year. Further activities are planned. Shareholders and investors are increasingly using the telephone and e-mail contact capabilities with the IR team as a fast, uncomplicated way of obtaining information.

New Investor Relations area on the NanoFocus web site

As part of the relaunch of the NanoFocus website in early 2013, the online information and support available to investors has been fully revised. Easy-to-use and clearly structured, the new Investor Relations area not only provides fast access to the most important information but also allows shareholders and investors to contact the company more quickly. In this way, NanoFocus is focusing more clearly on an active dialog with its investors within a modern, interactive web design.



Success beckons in second half-year

NanoFocus AG's growth prospects for 2013 and beyond continue to be bright. The market for demanding industrial measurement technology is growing worldwide. In the automotive, as well as in the electronics and semiconductor industries, the outlook for applications and areas that correspond extremely well to our products and solutions is very positive. Medical technology and mechanical engineering are also important strategic industrial sectors for us.

At the close of the first half-year, not all projects had been converted to revenue and a proportion of the associated earnings is therefore not yet included in the financial figures. However, the project pipeline is well stocked. We are expecting to see attractive revenue levels during the coming quarter and this trend will continue during the final quarter of the year. Our forecasting and sales control systems, which work with weighted CRM data, support these predictions. Revenues of over EUR 5 million are forecast for the second half of 2013 and will therefore considerably exceed the figure for the corresponding period in 2012.

The product µsurf cylinder for engine inspection is now firmly established with German premium automotive manufacturers and will continue to grow in importance for production process monitoring in the future. Additional new projects and applications in the automotive area mean that we can be optimistic about further earnings developments during the years to come. Based on the use of the world's fastest confocal sensor, µsprint technology has acquired a strong, well-established market position in the electronics and semiconductor sectors. Our first systems in a new performance class are being used by leading global innovators in the electronics industry and will continue to gain in importance in the semiconductor sector. One example lies in the development, process monitoring and production safeguarding of new, enhanced-performance computer chips. We expect to see considerable industry investment in these two areas in the coming years, resulting in sales potential and increased revenues for the entire company.

In the past financial year, NanoFocus AG has traveled further along its planned, strategic business path and has been able to prove its outstanding competence in industrial high-end measurement technology in innovative customer projects. These newly developed customer standards will form the basis for highly profitable sales volumes in the future.

Our constantly growing customer base consisting of innovative market-leaders, our long-established, trust-based partnerships combined with the expertise required in order to implement practical roadmaps within the production environment mean that we are confident of further extending our technology leadership at the high-tech end of the industrial measurement technology market. This will increase both sales and our operating result in the medium term.

We consider the potential of NanoFocus shares to be good to very good throughout the financial years 2013 and 2014.

Share data

Total number of shares	3,000,000 bearer shares
Capital	EUR 3,000,000
Market capitalization	EUR 7,110,000 on 07/30/2013
Transparency level	Entry Standard (Open Market)

Share statistic 2013

52-week-high	EUR 3.50
52-week-low	EUR 2.00
Traded number on all stock markets Incl. Xetra per diem (1-year basis)	ø 4.719 per trading day (01/01-06/30/2013)

Company information

Founding date	Founded as GmbH (limited liability company) on 08/24/1994. Changed to public company (AG) by resolution at the Annual General Meeting on 10/26/2001
Accounting standard	German Commercial Code (HGB) / Accounting Law Modernization Act (BilMoG)
Balance sheet date for financial year	12/31
Start of trading	11/14/2005, prospectus since 2006
Deutsche Börse listing partner	BAADER/ Wertpapierhandelsbank AG, Munich
Trading model	Xetra, continuous trading
Designated Sponsor	Süddeutsche Aktienbank
Securities identification number/ISIN	540 066, DE 0005400667
Bloomberg	N2F.GR
Freefloat market capitalization	EUR 3,280,788 on 06/30/2013

Stock market listing

	Xetra (continuous trading with specialist), Frankfurt on the Open Market (Entry Standard), Munich (m:access, since 2/1/2007), Berlin, Bremen, Düsseldorf, Stuttgart (OTC market)
Type of security	No-part bearer share (class)



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Management Report HY2013

I. Economic Report

Business activities and company structure

NanoFocus AG specializes in the field of process-oriented optical surface measurement technology in the micro- and nanometer range. The company's main fields of activity lie in the development, manufacture and worldwide distribution of measurement systems for non-contact 3D surface analyses. Internationally, NanoFocus is positioned as a technology leader in the field of the high-resolution characterization of functional surfaces. NanoFocus measurement systems are primarily used for quality assurance and are suitable for use in practically all areas of industry. Thanks to its technology, NanoFocus AG enables its customers and partner enterprises to manufacture innovative products and implement efficient manufacturing procedures. The three main product lines consist of the analysis systems μ surf, μ scan and μ sprint together with the μ soft software range for measurement, analysis and automation. In addition, the company also offers a comprehensive range of services in the field of optical 3D measurement technology.

Since 11/14/2005, NanoFocus AG has been listed in the Entry Standard segment of the Frankfurt Open Market and also subsequently issued a prospectus in August 2006. The company has a one hundred percent holding in NanoFocus Materialtechnik GmbH in Oldenburg, Germany. NanoFocus, Inc. in Glen Allen/Richmond, Virginia, USA, continues to be a fully-owned subsidiary of NanoFocus AG. The fully-owned subsidiary NanoFocus Pte. Ltd., which is headquartered in Singapore, was founded in 2012. The group of approximately ten NanoFocus representatives and all service provisions in the Asian region are coordinated from here. Six NanoFocus employees work at the South German Customer Center in Ettlingen, near Karlsruhe. At 06/30/2013, NanoFocus AG employed a total of 77 people including the three members of the Board, part-time workers, apprentices, diploma students and interns.

Global economy

In June 2013, the World Bank lowered its growth forecast for the current year from 2.4 % to 2.2 % (recorded value for previous year: 2.3 %). The reason for this slower rate of growth was given as the unexpectedly harsh recession in Europe coupled with a slowdown in economic growth in the BRIC countries. For 2014, the World Bank is expecting global growth of 3 %.

Source: Reuters, welt.de

The German national economy

Fundamentally, the statements issued by experts have changed only slightly since the start of the year. Following a weak start to the first half-year, the situation should improve during the second half. Production figures/GDP were expected to strengthen as early as the second quarter. Orders received by German industry improved significantly in June 2013 following a sharp downturn in May.

The kfw-ifo institute's assessment of the state of mid-sized businesses in August 2013 concluded that: "Recovery is in view but not yet without risks: The slight upward trend in the business climate for small and mid-sized companies is continuing, supported by both the current situation and expectations for the future. This is a further sign of gradual but sustainable economic recovery in Germany."

The level of investment in machinery and equipment fell by a remarkable 10.3 % in the first quarter of 2013 following the temporary peak at the end of 2012. However, this early indicator has been developing positively.

Source: produktion.de, ifo Konjunkturtest Dienstleistungen, Statistisches Bundesamt, ifo Schnelldienst, kfw.de

IFO

In July, the ifo Business Climate Index for German industry climbed for the third time in a row. The current business situation is therefore considered to be more positive than last month. Although expectations for the coming six months have weakened very slightly, companies remain cautiously optimistic about the future. There seem to be only a few clouds on the economic horizon.

Source: ifo.de

ZEW (Center for European Economic Research)

The ZEW's economic prognoses for Germany were downgraded slightly in July 2013. At 36.3 points, the indicator is 2.2 points down on June 2013 (long-term average value: 23.7 points). "The overall outlook of financial market experts remains positive. This testifies to their confidence in the resilience of the German economy despite the recent poor industrial production and export figures," commented ZEW Executive Director, Professor Clemens Fuest.

Source: zew.de

Target sectors for NanoFocus

Mechanical engineering and plant construction

By July, Germany's mechanical engineering firms were no longer expecting to be able to increase production during the current year. The German engineering association, Verband Deutscher Maschinen- und Anlagenbauer (VDMA), is now forecasting that production will fall by 1 %. Nevertheless, VDMA President Dr. Thomas Lindner remains confident about the second half-year.

Source: VDMA.de

Electrical engineering and electronics industry

Following a decline in 2012, the German electronics industry association, the Zentralverband Elektrotechnik- und Elektronikindustrie e. V. (ZVEI), now believes that all segments are again following a growth trajectory and continues to expect a moderate level of growth during 2013.

Source: ZVEI.de

Optical technologies

According to its industry report "Photonik 2013", SPECTARIS, the German industry association for optical, medical and mechatronic technologies, is expecting general above-average sales growth in the photonics sector during the coming years (6 % to 8 % above GDP).

In the first quarter, the global market index for optical technologies was 8.2 % below the value of the fourth quarter 2012 and therefore currently stands at 123.0 points (140.1 points = historic high). According to the sensor industry association AMA-Fachverband für Sensorik e. V., the sensor and measurement technology sector is planning to recruit new personnel and has enjoyed a good first quarter (10 % increase in orders received compared to the fourth quarter of 2012).

Medical technology

The German medical technology industry is expecting sales to increase slightly in 2013. The industry association SPECTARIS is forecasting a growth in sales of more than 4 %. However, despite this, the first quarter still proved to be relatively weak.

Sources: spectaris.de

Automotive

Despite the observed differences, the international automotive markets performed weakly during the first half of the year. While, most Asian business was concentrated in the premium segment, sales in Southern Europe, in particular, stagnated without any prospect of improvement. Although the VDA is expecting an improvement in the second half of the year, the very weak start to the year has nevertheless led it to revise its own forecast.

In an economic environment that continues to pose problems, Europe's largest automobile manufacturer, Volkswagen AG, will invest more than ever before, spending EUR 50.2 billion worldwide on new models, environmentally friendly technologies and production plant between 2013 and 2015: Capital expenditure will account for EUR 39.2 billion of the total and 60% (EUR 23.5 billion) of these resources will be employed in Germany.

Sources: vda.de, CAR Center Automotive Research, Produktion – Technik und Wirtschaft für die deutsche Industrie of 12/21/2012

Solar

The photovoltaic supply industry continues to suffer from considerable surplus capacity. Ongoing trade conflicts further complicate the situation. The resulting uncertainties are affecting manufacturers of photovoltaic products worldwide and are significantly further exacerbating the already noticeable reluctance to invest in new equipment and technologies – that is the current opinion of the VDMA's special group for photovoltaic production resources.

Analysts at IHS have updated their forecasts for the global photovoltaics market. According to them, growth in sales of over 10 % and additional installed capacity of 35 GW are expected for 2013. IHS's expectations are therefore significantly more optimistic than those of many industry observers.

Source: vdma.de, shareribs.com

Semiconductor industry

The World Semiconductor Trade Statistics (WSTS) made the following forecast for the semiconductor market: After a decline in 2012, 2013 will start weakly but growth of 4.5 % is nevertheless predicted for the year as a whole. In 2014, growth will continue at the level of 5.2 %.

Source: www.timepatternanalysis.de/Blog/2012/12/13/halbleiter-wenig-wachstum-voraus/ingenieur.de, VDI notifications, Five Star Equities

Nanotechnology

According to the VDI/BMBF (Association of German Engineers/German Ministry of Education and Research), an increasing number of German organizations are concentrating on research and development, production and services in the nanotechnology sector. Nanotechnology in Germany now involves approximately 1,800 organizations, of which some 40 % are small and mid-sized enterprises (SME), 13 % large enterprises, 24 % university institutes, 9 % institutional research establishments, along with other organizations such as networks, authorities, associations and financial institutions. Since the end of 2008, the number of actors in the nanotechnology field has increased by approximately 50 %. The most strongly represented subsectors are nanomaterials, nanocoatings and nanoanalysis.

A recent study conducted by RNCOS Industry Research Solutions in May 2013 estimated the average annual growth rate in the global nanotechnology market between 2013 and 2017 at 19 %. According to this study, growth will be driven by massive State and private sector investment in research and development.

Source: rncos.com; BMBF

Microsystem technology

With a growth rate of 6.5 % in 2012, the MEMS sector could not reproduce its growth of 2011 (12.5 %). According to market researcher iSuppli, a healthy growth rate of 8.1 % is expected for 2013, followed by near-two figure growth in 2014.

Source: electroiq.com, Solid State Technology, iSuppli

Quality assurance, industry standards and standardization

The quality assurance of micro- and nanostructured products continues to represent an advantage for all enterprises in the global competitive environment. Modern products and innovative manufacturing processes demand outstanding precision during both development and manufacture. The trend toward exacting quality assurance has continued unchanged for many years.

“Control”, the trade fair for quality assurance, confirmed this view by recording a 3 % increase in the number of exhibitors.

Important events during the financial year

NanoFocus AG sponsors the UMSICHT Science Award 2013

NanoFocus AG acted as one of the sponsors supporting the UMSICHT Science Award 2013. The aim of this distinction, which is awarded by the UMSICHT association for the promotion of science, is to encourage dialog between industry and society in the fields of environmental, safety and energy technology. On July 16, 2013, prizes were awarded for outstanding research work and journalistic contributions relating to these issues at the premises of the Fraunhofer UMSICHT association in Oberhausen.

Process-oriented surface measurement technology in demand – NanoFocus AG ends the prestigious Control trade fair with new visitor record

NanoFocus AG, developer and manufacturer of optical 3D surface measurement technology, ended this year's "Control" trade fair for quality assurance in Stuttgart with an extremely positive overall impression. As in previous years, the company was once again able to record a significant increase in the number of visitors to its trade fair booth. Visitors from the automotive and semiconductor industries, in particular, benefited from the advice available at the NanoFocus booth. The main focuses of interest were process-oriented measurement solutions and the use of multi-sensor products for industry-specific applications. This year, particular attention was paid to the following two product innovations: a newly developed compact measuring head for the μ surf range and a multisensor system for combining line and area 3D surface analyses.

New Head of Sales at NanoFocus AG

On May 1st, 2013, Mr Benjamin Oevermann took over as Head of Sales at NanoFocus AG. In this position, he is, with immediate effect, responsible for partner sales and direct sales at both the national and international levels. In addition to appointing a new Head of Sales, NanoFocus AG has also recruited new staff to its sales team.

NanoFocus AG acts early to extend management contract of CFO Joachim Sorg

In March 2013, the Supervisory Board of NanoFocus AG acted early to extend the management contract with Chief Financial Officer Joachim Sorg by a further five year's. Mr Sorg's current contract was due to expire at the end of the current year.

Earnings position

Sales development

At kEUR 2,705, sales revenues in the first half of the 2013 financial year were 20 % down on the corresponding half-year figure for 2012 (kEUR 3,380).

Revenue distribution by product line

	HY 2013		Change		HY 2012	
	EUR'000	%	absolute	%	EUR'000	%
µsurf	1,033	38	-580	-36	1,613	48
OEM	519	19	273	111	246	7
Software, Replacement Parts, Maintenance (Service)	495	18	-212	-30	707	21
µscan	282	11	-97	-26	379	11
Other services	267	10	55	26	212	6
System rental	109	4	11	11	98	3
µsprint	0	0	-125	-100	125	4
	2,705	100			3,380	100

Sales during the period January 1st to June 30, 2013, were lower than the values that had been planned internally. This is primarily due to the fact that in the current financial year, NanoFocus AG has mainly concentrated on its higher-margin project business. Such projects are subject to longer planning and lead times than traditional business activities. The corresponding revenue is received only later and it is expected that the associated earnings will be shifted to the second half-year 2013. This has been confirmed by the level of orders received, valued at EUR 5 million, at August 20, 2013. At the time the present report was compiled, orders received were therefore higher than for the corresponding period in 2012.

Sales of µsurf devices fell by kEUR 580 or 36 % compared to the same period last year. This decrease is due to the above-mentioned focus on project business and it can therefore be assumed that the corresponding revenues will be transferred to the second half-year.

OEM sales grew at an above-average rate during the first half-year and increased by kEUR 273. For the year as a whole, we expect to see sales of OEM devices return to their 2012 level. Sales in the service sector, which comprise the delivery, maintenance and upgrading of software and hardware, as well as rental, training and contract measurement, fell by kEUR 146.

As in the previous year, sales in the µsprint product line, which is tailored to project activities, again failed to meet expectations. During the second half of the year, a number of major projects will be completed on schedule. We are therefore expecting to see a double digit increase in earnings in this product area compared to the overall financial year 2012.

Revenue distribution by region

	HY 2013		Change		HY 2012	
	EUR'000	%	absolute	%	EUR'000	%
Germany	1,275	47	-156	-11	1,431	42
North/South America	686	25	15	2	671	20
Europe (except for Germany)	526	20	218	71	308	9
Asia	218	8	-752	-78	970	29
	2,705	100			3,380	100

While sales in Europe (including Germany) as well as in North and South America developed at a stable level, business in Asia once again failed to meet expectations. Based on current orders in hand, NanoFocus will again achieve its planned sales figures in the second half of the year thanks, in particular, to a strong level of µsprint business in Asia.


For the financial year 2013 overall, business is expected to grow in Germany, while development in the European region seems set to remain stable.

Revenue distribution by industry

	HY 2013		Change		HY 2012	
	EUR'000	%	absolute	%	EUR'000	%
Automotive	641	35	-100	-13	741	29
Fingerprint/Public Safety	450	25	228	103	222	9
Materials science	368	20	-111	-23	479	19
Machinery, tools, printing	265	14	-153	-37	418	17
Electronics	110	6	-323	-75	433	17
Medical technology, MEMS	0	0	-237	-100	237	9
	*1,834	100			**2,530	100

* measured based on revenue with system sales excluding DL – here kEUR 1,834

** measured based on revenue with system sales excluding DL – here kEUR 2,530



NanoFocus has a diverse customer portfolio due to the different industries and target markets it serves and is therefore not dependent on any one industry. The fact that the company sells to almost all branches of industry reduces the risk associated with its earnings profile. Distribution across the various industrial sectors depends on the economic development of and importance attached to research and development within the individual branches.

As expected, the automotive industry was the sector in which NanoFocus enjoyed its strongest revenues in the first half of 2013 and accounted for 35% of total sales. Due to the pressure to innovate in this sector and the approval of the necessary budgets, the market establishment of the μ surf cylinder business solution continued successfully during the first half of 2013.

Orders placed in the Fingerprint/Public Safety sector were drawn on early, thus resulting in a temporary shift of revenues compared to the 2012 financial year. NanoFocus continues to enjoy stable, long-term customer relations in this sector. Over the year as a whole, the absolute value of sales in this sector and their value as a percentage of total revenue will not be significantly higher than in the previous year. In the material sciences field, which is of particular relevance for the equipping of research institutes, sales during the first half-year fell by 23 % due to a weakening of business in the standard segment.

System sales in the mechanical engineering sector ended the half-year 37 % down, in line with the industry assessment issued by the VDMA.

The proportion of revenues accounted for by the electronics industry also fell. However, on the basis of customer projects already in progress, overall sales are expected to exceed the previous year's level.

NanoFocus did not achieve any sales in the medical technology field during the first half of the year. A new, large-scale project is currently the object of negotiations with an international customer. Processing of this order in the medtech sector was completed on schedule during the first half of the year. The customer is now considering the question of its subsequent commercial exploitation. It is possible for NanoFocus to exploit this development commercially outside of the medtech sector, thus resulting in the emergence of a new, high-performance product family.

As expected, it was not possible to achieve any revenues in the crisis-stricken solar sector during the first half of the year. The first signs of recovery are not expected until 2014.

Revenue distribution by business segments

	HY 2013		Change		HY 2012	
	EUR'000	%	absolute	%	EUR'000	%
Services	871	32	-147	-14	1,018	30
Integration	519	20	273	111	246	7
Modular	518	19	-372	-42	890	27
Standard	410	15	-334	-45	744	22
Business Solution	387	14	-95	-20	482	14
	2,705	100			3,380	100

Due to our concentration of project business, a fall in revenues was recorded in our standard business and in the modular sector in particular. As a result of the investments in extensions to the sales structure which were completed during the first half of the year, NanoFocus is expecting to see an upward trend in these segments over the coming months.

Revenues per employee

Revenues per employee for the half-year, based on an average number of 69 full-time staff, fell to kEUR 39. During the same period in 2012, revenues per employees ran at EUR 55, based on an average of 62 full-time staff.

Changes in earnings *)

	HY 2013		Change		HY 2012
	EUR'000	%	absolute		EUR'000
Sales revenues	2,705	-20	-675		3,380
Total performance	2,954	-18	-652		3,606
Gross yield	1,781	-23	-543		2,324
Personnel expenditure	2,185	10	201		1,984
Other operating expenditure	1,083	-10	-122		1,205
EBITDA	-1,144	Not spec.	-646		-498
Depreciation**	356	5	18		338
Financial result	-33	Not spec.	9		-42
Tax result	-78	Not spec.	29		-107
Earnings	-1,611	Not spec.	-626		-985

*) selected values taken from the Income Statement

**) The main component of the depreciations figure consists of the half-yearly goodwill depreciation of kEUR 175 in accordance with the German Commercial Code (HGB).

Overall performance resulting from sales, stock increases and other operating revenues taken together fell from kEUR 3,606 to kEUR 2,954. This represents a decrease of approximately 18 % for NanoFocus which is primarily due to the fall in sales revenues of kEUR 675.

Capitalized assets amount to kEUR 265 compared to kEUR 262 in the previous year. This includes own capital contributed for development projects.

After deduction of materials costs of kEUR 1,096, gross yield was down by kEUR 543 or 23%.

On the costs side, personnel expenses increased by 10 % as planned due to new recruitments. At the same time, it proved possible to reduce other operating expenses by 10 % as scheduled.

EBITDA fell by kEUR 646 due to the decline in sales revenues. The tax result includes deferred taxes that are shown as a liability in connection with development projects for internally generated intangible assets. After deduction of depreciation and the financial and tax result, earnings for the period are down kEUR 626 to kEUR -1,611 compared to the first half-year 2012.

Changes in order levels

	HY 2013		Change	HY 2012
	EUR'000	%	absolute	EUR'000
Orders received	3,447	-17	-691	4,138
Existing orders (at the close of the period)	1,421	-28	-549	1,970

Orders received by NanoFocus were down 17 % on the half-yearly figures for 2012, with the result that at the reporting date, the company had not yet been able to achieve its internal planning targets. Consequently, the value of orders in hand at 06/30/2013 was also kEUR 549 lower than for the same period last year. Since the placement of orders for significant customer projects has been delayed until the third quarter and the amount of new business being initiated was considerably higher in August, the time of publication of the present report (forecast), NanoFocus expects the order volume for the second half of the year to be higher than that recorded last year.

Asset and financial situation

At kEUR 3,533, fixed assets are slightly down on the year-end level 2012. The planned depreciation of goodwill is counterbalanced, in particular, by investments in development projects in the form of capitalized assets. As a result of the conduct of project business, inventories have risen by kEUR 432 to kEUR 3,026. Accounts receivable have fallen in line with sales developments. Compared to the value at year-end 2012, the equity ratio has fallen slightly to 73.7 %. Liabilities have fallen by kEUR 345 compared to December 31, 2012. This reduction is primarily due to the planned repayment of bank loans. In addition, deferred tax liabilities have risen by kEUR 78 as a result of capitalized development costs.

Change in the cash flow and in cash and cash equivalents

Cash flow	HY 2013	Change	HY 2012
	EUR'000	absolute	EUR'000
Cash and cash equivalents at the start of the period	1,848	-337	2,185
Cash flow from current operating activities	-541	-8	-533
Cash flow from investing activities	-310	128	-438
Cash flow from financing activities	-245	-575	330
Cash alterations to cash funds	-1,096	-455	-641
Cash and cash equivalents at the close of the period	752	-792	1,544

The cash flow from current operating activities is particularly marked by the deterioration in earnings. However, this trend has been countered by an improvement in working capital, with the result that the cash flow from current operating activities has fallen by only kEUR 8 to kEUR -541 compared to the 1st half-year 2012. The cash flow from investment activities has risen as planned from kEUR 128 to kEUR -310 as a result of the intensification of development activities. During the first half of the 2013 financial year, there was an outflow of funds due to the repayment of bank loans. As a result, liabilities due to banks have been reduced by kEUR 213 (kEUR 245 including the repayment of financial leases). Overall, cash and cash equivalents fell by kEUR 792 compared to 06/30/2012. This change is primarily due to the planned repayment of bank loans.

Finance measures and projects

Daily production is financed from our own resources and existing lines of credit as well as sometimes by prepayments and payments on order. Any advance payment guarantees that are limited in terms of either amount or period are secured by bank guarantees (sureties).

NanoFocus AG is still planning to extend its finance structure for further growth. To this end, new authorized capital was created at the Ordinary Annual General Meeting 2012. At present, finance measures are being negotiated at the levels of third-party capital and mezzanine finance.

As in the past, there were no losses of accounts receivable during the first half of 2013 and, on the basis of our experience to date, such losses are expected only to a limited extent in the future.

Investments

Investments have been made on schedule on the basis of the company's corporate planning. The focal points have been software solutions developed in-house, the extension to office equipment, fixtures and fittings resulting from the extension of business operations, as well as the further expansion of the infrastructure for service activities and the international sales team.

Innovation and development capabilities

During the first half of the 2013 financial year, NanoFocus invested as planned in extending its development capabilities and consequently achieved a high R&D ratio of 35.4% in the first half of 2013. For the full year 2013, it is expected that the R&D ratio will be similar to that of the previous year.

Key figures for development activities	HY 2013		Change	HY 2012
	EUR'000	%	absolute	EUR'000
Development costs in kEUR	958	1.5	14	944
Development intensity in % (expenditure in relation to revenues)	35.4		+7.5 PP	27.9
Average number of development employees	20	5.3	1	19
ø Development employees as a % of ø employees	29.0		-1.6 PP	30.6

Further activities have been conducted in the field of optical 3D sensor development. Follow-up investments have been made in order to increase the performance of our µsurf and µsprint technology.

Other details

Employees

NanoFocus AG employs 71 permanent employees, including 64 full-time and seven part-time staff. In addition, there are three members of the Board. Three diploma students and interns are also currently working at NanoFocus. This amounted to a total of 77 employees at 06/30/2013.

Internal organization and decision-making

The organizational and operational structures are unchanged compared to the 2012 Annual Report where you will find further details on these structures on page 46.

II. Opportunities and Risks

NanoFocus AG expects the following factors to have a positive impact on future business activities:

- ▶ NanoFocus AG's position as a technology leader in the market for optical 3D surface measurement solutions
- ▶ Large customer base and extensive network of partners
- ▶ Good brand image, high level of customer confidence
- ▶ Wide range of industries covered, direct sales
- ▶ Variety of finance possibilities through stock market listing
- ▶ Industry trend toward enhanced performance through micro- and nanotechnology
- ▶ The company is positioned in "trend markets" such as optoelectronics, clean technology, medtech, high-end production measurement technology in the automotive industry in accordance with EU standards
- ▶ Growing trend toward and customer demand for 100% quality control in manufacturing industries

NanoFocus is exposed to a range of risks which are described in detail in the Risk Report that formed part of the Annual Report 2012. The Annual Report 2012 is available for download from the "Investor Relations/Publications" area of the NanoFocus web site (www.nanofocus.de).

The greatest risk is still the liquidity risk which can be provoked by external factors despite the numerous investments made by NanoFocus (e.g. economic crises, discontinuation of investments). To stabilize future liquidity, a framework current account overdraft facility of kEUR 500 has been successfully negotiated. In addition, additional authorized capital was approved at the Ordinary Annual General Meeting 2012 and will be available to finance further growth.

During the first six months of the 2013 financial year, the Management Board has not identified any significant new risks or changes to the risks set out in the most recent Annual Report.

III. Outlook

Despite the continuing instability of the economic environment, we expect sales to pick up significantly in the second half of the year and that, overall, 2013, will prove to be a year of growth. Technological developments that will impact positively on revenue in the second half-year augur well in this respect.

We are planning for a double-digit growth in sales to approximately EUR 10 million. Earnings per share (EPS) of approximately EUR 0.11 are planned. As far as profit/loss for the year is concerned, this means a profit forecast of approximately kEUR 345. At product level, NanoFocus AG will concentrate on technically customized measurement machines that meet the most exacting industry requirements. In addition to the semiconductor industry, the automotive sector is another outstanding driver of innovation. For its corporate planning, NanoFocus AG is assuming sustained, above-average, quantitative and qualitative growth in the short, medium and long term. The forecast is based on the constraints and assumptions listed below.

There are currently no identified going-concern risks provided that further, properly arranged finance capabilities are available. Risks arising within the framework of normal daily business nevertheless persist. For example, if the anticipated parameters for the general economy or individual economic sectors fail to materialize then the corresponding investment trends may slow and the expected revenues and capital injection fail to accrue. The remaining framework conditions are also unchanged (see Annual Report 2012, page 52 ff).

We are also expecting to enjoy continued growth in the 2014 financial year. By then, a number of technological developments will either have reached market maturity or have been further developed and these will help boost NanoFocus's profile and prestige. Of particular importance here are the automotive, semiconductor and medtech sectors in which key innovations will be market-ready and which therefore possess enormous potential. We are therefore planning for further double-digit sales growth coupled with an improvement in earnings.

IV. Research and Development

For NanoFocus, research and development activities (R&D) are of fundamental and strategic importance. This is particularly true of the company's own R&D department which ensures its long-term technology leadership in its markets and its pioneering reputation. Targeted collaborations with public institutions and key customers guarantee access to newly emerging knowledge and reassure users that the results can be exploited commercially.

The key areas of NanoFocus's R&D activities consist of developments designed to improve product performance, to ensure that the products meet our customers' application requirements, and to reduce manufacturing costs.

NanoFocus's R&D expenditure over a full year always lies between 15 and 20 % of total revenue (primarily personnel costs and software development costs). Considered over the present half-year period, the R&D ratio as a proportion of total revenue is considerably higher. During the first half-year 2013, the R&D ratio as a proportion of sales was 35.4 % (HY 2012: 27.9 %).

V. Branch Report

The fully-owned subsidiary NanoFocus, Inc., which is headquartered in Glen Allen/Virginia (USA), was founded in 2005. In the 2012 financial year, it achieved earnings of US\$ 5,000.

There has been a branch in Ettlingen since 2001.

NanoFocus Materialtechnik GmbH is a rights administration company with only limited operational activities. It has an exclusive license agreement with NanoFocus AG.

In 2012, the fully-owned, Singapore-based subsidiary NanoFocus Pte. Ltd. was founded.

Oberhausen, August 20, 2013

NanoFocus AG

The Management Board



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Marcus Grigat



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Information

For further information on NanoFocus AG as well as for the addresses of our subsidiaries, please go to www.nanofocus.com

Note on the creation of the Half-Year Report

Although the current Half-Year Report has not been audited, it has been subjected to an audit review.

Financial calendar 2013

May 2013

5/6 - 8/5

Deutsche Börse
(German Stock Market)
Spring Conference, Frankfurt

May 2013

5/29

Publication of the
Annual Report 2012

June 2013

6/6

Munich Stock Market
m:access, Munich

July 2013

7/10

Annual General Meeting 2013,
Oberhausen

August 2013

8/30

Publication of the
Half-Year Report 2013

November 2013

11/11-11/13

Equity Capital Forum,
Frankfurt am Main

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