

Press Release

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PolyTechnos leads EUR 7m Series-A funding of NSC-Nanosemiconductor GmbH

Munich, Germany – 15 October 2003 – PolyTechnos Venture-Partners, a leading European venture capital firm headquartered in Munich, Germany, announces the Series-A financing of NSC-Nanosemiconductor GmbH, a joint spin-out of the Ioffe Institute, St. Petersburg, and the Technical University Berlin, focusing on revolutionary compound semiconductor products and technology. Co-investors include S-VentureCapital Dortmund, which provided early seed funding for NSC, and Peppermint Financial Partners. Public support was provided by the KfW, State of NRW, and City of Dortmund through its MST.factory.

Compound semiconductor wafers produced using NSC's patented "Defect Reduction Technology" (DRT) and "Quantum Dot" nano-technologies enable a breakthrough in the field of high-performance opto- and micro-electronics. Specifically, these technologies greatly improve production yield and performance in currently offered compound semiconductors, such as Gallium Arsenide (GaAs), as well as enable the successful manufacture of previously challenging materials, such as Gallium Nitride (GaN), resulting in exciting new applications. Current products include high-power, low-cost, and long-wavelength quantum dot lasers for telecom applications, as well as high-yield micro-electronics components. Planned future products include high-brightness light-emitting diodes (HB-LEDs) for replacing incandescent lighting, and technology to enable integration of optical and wireless functionality on silicon-based micro-processor chips.

"This first investment in NSC led by PolyTechnos affirms our vision of revolutionizing the growth of compound semiconductor epitaxy wafers" says Prof. Nikolai Ledentsov, NSC co-founder, CSO and member of the Russian National Academy of Sciences. "Our DRT and Quantum Dot technologies fundamentally change the economics of compound semiconductors and enable applications previously only dreamed", remarks Bernd Meyer, co-founder and General Manager.

Eric Achtmann, Managing Partner of PolyTechnos, comments: "NSC is a perfect example where developments in nano-scale technologies have a profound impact on the cost, performance, and quality of currently used products. ... NSC has enabled a leap forward in opto- and micro-electronics, and more importantly in the convergence of the two." Knut Heitmann, PolyTechnos Managing Partner and co-founder of Freiburger Compound Materials, adds: "NSC's technology has the potential to set standards in compound semiconductor component production, covering the full range of laser, wireless and high-frequency micro-processor applications."

Prof. Dieter Bimberg, Executive Director of the Institute of Solid State Physics at the TU Berlin, CC NanOp, the National Centre of Competence of the German Government, and Chairman of NSC's Scientific Advisory Board, states: "I am happy to see that this world-leading team is industrializing its unique expertise and believe that NSC will be a resounding economic success."

"Succeeding in raising funds in this tough market climate is a strong endorsement of the exceptional potential of NSC. ... We believe that this company has the potential to be an important building block

for activities in Germany and the Dortmund region in particular,” notes Gerhard Steinkamp, Managing Director of S-VentureCapital Dortmund. Thomas Gebauer, Investment Manager at Peppermint, adds: “NSC successfully addresses a major problem in high-performance semiconductor manufacturing. ... Its market potential is clearly very, very large.”

NSC will use this funding to set up a green-field production facility in Dortmund, Germany, thereby enabling volume production of its current and future products, as well as to strengthen its sales and marketing activities, and establish long-term partnerships in key areas of development.

About NSC-Nanosemiconductor GmbH

Located in Dortmund (Germany), NSC, a joint spin-out of the Ioffe Institute, St. Petersburg, and the Technical University Berlin, offers innovative compound semiconductor epitaxy products and technologies. In particular, NSC’s patented Defect Reduction (DRT) and Quantum Dot technologies enable tangible improvements in cost, performance, and quality in compound semiconductor devices used in opto- and micro-electronics. Current applications include lasers for telecommunications and lighting, as well as high-performance transistors.

About PolyTechnos Venture-Partners GmbH

PolyTechnos is a leading venture capital firm headquartered in Munich, Germany, and focuses on early-stage technology-oriented companies predominantly in Europe. Areas of expertise comprise Information Technology & Communications, Materials, Energy, and Life Sciences, with a special interest in opportunities at the interface of these fields. Its investment team consists of exceptionally qualified senior executives and technology specialists with a track record of building world-class, technology-oriented companies. PolyTechnos utilizes its insights, expertise, and networks to impact its investments. Founded in 1998, PolyTechnos advises funds totalling approx. EUR 200m in assets.

About S-VentureCapital Dortmund GmbH

S-VentureCapital Dortmund, a 100% subsidiary of Sparkasse Dortmund, is a regionally operating capital participation company. S-VentureCapital Dortmund focuses on the start-up-financing of innovative enterprises with high growth potential. Owing to their sought-for technological superiority these enterprises contribute in particular to further strengthening and developing Dortmund. Due to the strong network of the Savings Bank Organisation, Germany’s leading banking group, S-VentureCapital Dortmund gives its venture enterprises full access to financing tools for enterprise development from the start-up stage to international expansion.

About Peppermint Financial Partners

Peppermint Financial Partners is a venture capital firm located in Berlin, Germany, which was founded in 1994 as a turnaround management company. Based on a strong track record of restructuring and selling investments to international strategic investors, Peppermint gained a high reputation within the private equity community. Since starting its VC activities in 1999, Peppermint focuses on early-stage high-tech companies in German-speaking countries that are first in their category, typically incorporating significant intellectual property and potential for long-term value creation. Areas of interest comprise micro-/nanotechnologies and life sciences.

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