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CEO INTERVIEWS

ROUNDTABLE FORUM **FOCUS ON NANOTECHNOLOGY STOCKS**

Focus on existing markets helps nano start-ups fulfill hype

Now that the nanotech gold rush is delivering its first real commercial applications, even cautious investors are reevaluating this previously speculative space. What does it take to translate innovative science into profits? On July 26, 2005, *Wall Street Reporter Magazine* hosted its first nanotechnology roundtable to update on recent developments in the evolving nanotech sector.

BROOKSTEIN: Sean, what's the biggest misconception that you think financial professionals have about nanotechnology?

DOYLE: I think there are a couple. One that I like to focus on is that products and utility matter; science doesn't necessarily sell. So, there has to be a business model there, and I think that's the place where people start to become enamored with technology. We are always focusing at Intel on products that we can sell to customers. I think another issue, really, is that in my own mind nanotechnology is proving to be evolutionary in many respects rather than revolutionary. While I think there will be revolutionary changes over time in retrospect, they will seem to happen very quickly. For moving forward, they will take more time as expected. I think the last thing that I would say is that we need fundamental tools and materials to do the basic research, so while everyone may start looking for the big applications, a lot of our work is actually focused on


Darrell Brookstein (moderator)
Managing Director
The Nanotech Company LLC


Warren Packard
Managing Director
Draper Fisher Jurvetson


Erkki Ruoslahti, MD, Ph.D.
Distinguished Professor and Past President
The Burnham Institute


Sean Doyle
Sector Director
Intel Capital


Barry Weinbaum, Ph.D.
President and CEO
NanoOpto Corp.

Moderating the panel:
Darrell Brookstein, Managing Director of The Nanotech Company.

Participating from Wall Street:
Warren Packard, Managing Director of Draper Fisher Jurvetson

Specific disclosures regarding each issue discussed can be found in the analysts' recent reports, available upon request.

From the corporate sector:
Erkki Ruoslahti, Distinguished Professor and Past President The Burnham Institute;
Sean Doyle
Sector Director
Intel Capital;
Barry Weinbaum, President and CEO of NanoOpto Corp.

Versatile platform captures immediate market interest

NanoMaterials Technology Pte Ltd. is a technology-focused company founded in April 2000 and incorporated in Singapore in September 2000. The company specializes in the development and commercialization of production technologies for nanomaterials in the pharmaceutical, electronics and chemical sectors.

Jimmy Yun, Ph.D.
Co-Founder and
Chief Executive Officer

NanoMaterials Technology

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Jimmy Yun, Ph.D., Co-Founder and Chief Executive Officer, spoke with *Wall Street Reporter Magazine* on June 22, 2005.

WSR: *What are some of the major trends affecting the technology licensings with your company and nanotechnology as a sector?*

YUN: The way we're seeing the trend moving forward, we are seeing a lot of new opportunities arising from the pharmaceutical sector. We have a very versatile technology platform called the High Gravity Controlled Preci-pitation platform to produce nanosize materials for use in many sectors, including the pharmaceutical, electronic materials, and specialty chemical sectors. And we have already out-licensed our technology for the production of nanosize specialty chemicals to three different companies, and currently we are negotiating further licensing deals in the U.S. and Japan.

WSR: *How are you positioned to capitalize on some of these trends and use your licenses to your benefit?*

YUN: Our company is currently putting more of our focus into the pharmaceutical sector as compared to previously into the specialty chemicals. By working on nanonization of generic drugs and also drugs that are close to patent expiry, using our technology, we can extend the commercial life and competitiveness of these drugs even after the patents expire. So, in such cases, we can generate great opportunity and revenue to the company.

WSR: *What is the size of the pharmaceutical market that you are targeting and responding to and how much of it do you hope to serve looking two or three years ahead?*

YUN: I guess, if you are looking at a size, it's really anybody's guess. We have looked into quite a number of different consultancy reports and

SUMMARY

Privately held NanoMaterials Technology has developed a manufacturing platform that can produce nanoscale materials for a wide variety of industrial purposes. The company has licensed its processes to three specialty chemical producers; additional deals are in the works. Production is industrial in scale, measured in tens of thousands of tons. Focus is on bringing the technology to pharmaceutical markets, which management believes will benefit from opportunities to reformulate existing drugs and better commercialize currently marginal programs. The company is building a cGMP-compliant manufacturing facility and ramping up labor to serve drug makers. Close R&D relationships are actively pursued. The versatility of the technology, combined with in-house engineering expertise, lets the company design new particles alongside customer applications.

survey and just easily, simply for drugs that have poor solubility, which is a key category of material we are focusing on, the market is many billions of dollars.

WSR: *You have the ability to produce a great deal of material, can you talk about the industrial scale and nature of your business plan and how you see it?*

YUN: One key aspect of the work in our technology we are developing is that it is fully scaled up. So, in the case of, say, material in the specialty chemical sector, we are already producing in tens of thousands of tons, so it is a substantial amount. But when you look back to the pharmaceutical sector, very often the annual consumption is much less than that. So, our technology even at present is capable of handling the scale and quantity that is required for the pharmaceutical sector.

WSR: *Tell us more about the commercialization of the product, bringing it to a broader market.*

YUN: What we focus on is on the design and engineering of new particle specifications for a variety of different materials. So, that's our strength and what we do best. In order to really bring this particle to the product markets that we use in everyday life, we work very closely with commercial companies in addition to academic and research institutions. Because on top of the particle design, we also need to look into the enhanced performance that these particles can bring to a variety of different applications such as drug delivery, enhanced nanocomposite materials, and many, many different areas. So, it's a very multi-disciplinary research. In that sense, that's why we are working very closely with commercial and academic allies.

WSR: *And what is so unique about NanoMaterials Technology that is creating the competitive edge for you to be profitable?*

YUN: I think one thing about nanotechnology for us when we look into the design of particles, by changing the size and size distribution, as well as the shape of the particle, we open up new opportunity for pharmaceutical people to reformulate, and re-design drug delivery routes. In such cases, then they can look into enhancing drug efficacy, reducing toxicity, and in many instances, it's really to look into improving patient compliance. And when you have this kind of property enhancement, then you will really open up a new opportunity in the market that you're either creating a new market or taking over an existing market.

WSR: *Tell us about the funding of your company, where you have been, and where you are looking to go, and how you see that impacting your vision and goals?*

YUN: Existingly, our company is funded by venture capital, from both private and public sector venture capital companies. Right now, we are entering into a very rapid expansion phase. We will be expanding our manpower, we'll be doubling our manpower in the coming year as well as putting up a brand new cGMP facility to capitalize on the new opportunities that arise from the pharmaceutical sector.

> "We are seeing a lot of new opportunities arising from the pharmaceutical sector. . . . We have already out-licensed our technology for the production of nanosize specialty chemicals to three different companies, and currently we are negotiating further licensing deals."

WSR: *Obviously, a very exciting time for you.*

YUN: We are very busy in both development as well as expansion of the company.

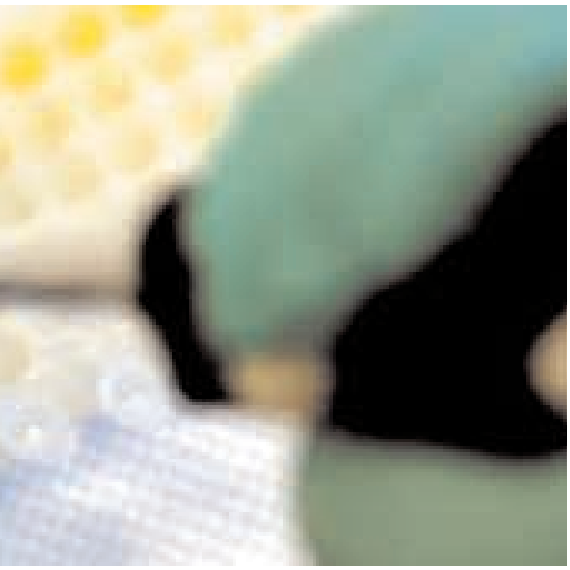
WSR: *And obviously, your partners play a significant part of your mission.*

YUN: Right now, we have commercial partners from both the pharmaceutical and specialty chemical areas. And the way we work together is that — together by using our technology, we optimize some of the new materials

that were never available before, for them to evaluate and tailor into new applications. So, it's very important we work with these partners at a very early-on stage such that new materials development can be conducted in parallel with the application development, it's really substantial, it shortens the time to market and also lowers the risk of the development.

WSR: *What key goals and strategies are you focusing on now to ensure the future success of the company?*

YUN: Right now, one key area we're looking at is, really we're exploiting the versatility of our High Gravity



Controlled Precipitation platform. By exploiting this versatility, we are really making a whole host of different kinds of nano particles that address different market segments. By doing so, we diversify our risk and enhance the chances of a successful product development. Because right now, really, nanotechnology, in some instances, is still a very emerging technology. If you really focus on one specific product or one specific application, you are really betting a lot on — as far as the risk level is concerned. And so far, for our case, because we have such a versatile platform, we try to diversify the risk by looking into many different areas.

WSR: *That must prove quite challenging based on the unpredictable changes that do go on with nanotechnology. Would you say that you are ahead or behind or just right on the curve with nanotechnology right now?*

YUN: As far as particle control and synthesis is concerned, we are very comfortable with our position right now, being able to exercise control on both particle size and particle shape, and not to mention one of the most important aspects of it is we have already scaled up the technology to a full industrial scale. This puts us in a very advantageous position as compared to some other particle formation technologies.

WSR: *Based on your vision and the things that you've already accomplished, how would you categorize the next two or three years as a period for your company?*

YUN: As I mentioned before, the next two or three years, the company would be focusing on our expansion plan and to capitalize on the pharmaceutical market. This poses a new challenge to the company because we are moving from a more specialty chemical basis to a pharmaceutical, which has a different set of parameters as far as both the production criteria as well as the technology compliance aspect of it. So, these are the parts that we are continually improving by recruiting new people as well as improving the laboratory facility that we have to meet the pharmaceutical grade that is required.

WSR: *You are building up and you are bringing products closer to market and the applications are up and ready. What best reason would you give to a potential investor about getting involved in a long-term investment opportunity with NanoMaterials Technology?*

> "One key aspect of the work in our technology we are developing is that it is fully scaled up. So, in the case of, say, material in the specialty chemical sector, we are already producing tens of thousands of tons, so it is a substantial amount."

YUN: One specific message we would like to send across is that nanotechnology is a technology that has immediate application and has already penetrated such an existing market. But at the same time, if you look into some more specific applications, you have some far reaching impact on the fundamentals of several market segments, providing opportunity for new business growth. So, there are areas that you can focus in the near-term, at the same time, there are very specific areas that you can focus in a long-term. So, you are not just working on a technology with a future potential, but there is immediate market you can capture. ●