

Press Release

Wiesbaden, 14 July 2005

Blue Membranes closes its 2nd round financing after the technology buy-out in late 2003.

Blue Membranes, the leading German nanotechnology company in material and surface engineering for advanced biomedical applications, has closed its second round financing. TechnoStart and CREATHOR Venture, two Germany based venture capital funds, led the funding. The new fund of KfW, 'ERP-Startfonds', followed as co-investor.

Sohéil Asgari, CEO and Chief Technology Officer of BlueM commented: "The level of commitment from our investor community demonstrates the confidence in Blue Membranes' technology and the company's capabilities to exploit and commercialize it after the buy-out. This financing enables us to implement our own production capacities for supplying our customers with one of the first generation drug-delivery coatings. Furthermore, we will accelerate the commercial exploitation of the existing product portfolio and enforce the R&D pipeline for our next generation products. We are now substantially preparing the company for the next financing round targeted in 2006."

Blue Membranes has recently closed a license and supplier agreement with the globally operating India based Relisys Medical Device Ltd. Blue Membranes has licensed out one of its five proprietary drug-delivery coating platforms for drug-eluting coronary stents to the leading Indian medical device manufacturer.

Blue Membranes has currently released 5 drug-delivery platforms for combinatorial medical devices. The platforms are addressing the needs for new devices as well as for multifunctional device coatings. Blue Membranes is a technology enabler that designs, manufactures and licenses out nano-structured materials and coatings for advanced bio-medical applications in the field of medical device, tissue engineering and bio-processing technologies.

About Blue Membranes

Blue Membranes is a leading technology company focusing on nano-structured composite materials and coatings for advanced applications in medical device, biotech-engineering and chemical processing technologies.

BlueM's unique portfolio of Nano-Carbon Systems includes:

- Drug Delivery Coatings
- Multifunctional Device Coatings
- Advanced Carrier Systems for Bio-processing
- Carbon-Ceramic and Mixed Matrix Membranes

Blue Membranes mission is to exploit its proprietary and highly innovative technology platform for materials and surface engineering of nano-structured composites. Providing a sustainable portfolio of applications, BlueM solutions enable its customers to acquire superior technologies for next generation applications and profitable growth.

www.blue-membranes.com

About TechnoStart

TechnoStart is an independent venture capital company advising and managing currently over € 80 million. Since 1991, TechnoStart has focused on Seed and Early Stage technology and has secured a proven track record as lead investor in enabling technologies in the applied physics, life sciences, chemistry and new materials sector. TechnoStart has the experience and expertise to assist entrepreneurs in turning Quantum Leap Innovations into sustainable business, usually from scratch. TechnoStart supports entrepreneurs through all stages of company development to jointly reach a successful exit.

Current investments in the nanotechnology and new materials field span four companies: ITN-Nanovation GmbH, Spinox Ltd., Blue Membranes GmbH and Spin`Tec Engineering GmbH.

www.technostart.com

About CREATHOR Venture

CREATHOR Venture is an internationally operating Venture-Capital Company investing in early-stage high-tech companies. The team has more than 20 years successful track record as lead-investor in early stage high-tech companies.

www.creathor.com

About KfW Bankengruppe

KfW Bankengruppe gives impetus to economic, social and ecological development worldwide. With its long-term, low-interest loans, and equity financing KfW Bankengruppe promotes small and medium-sized enterprises and business start-ups, among others. In addition, the bank stimulates innovations and the equity capital market, advances environmental protection and encourages the expansion of municipal infrastructure. But KfW Bankengruppe does not limit its role to investment finance inside Germany as it is also engaged in export and project finance, the promotion of developing countries and advisory and other services. Through KfW Mittelstandsbank it promotes SMEs and business start-ups by granting classical promotional loans and innovative financings. KfW Mittelstandsbank was established following the merger of DtA (Deutsche Ausgleichsbank) and KfW in July 2003. The goal is to confront tomorrow's problems today with promising, future-oriented solutions. To accomplish this KfW has developed model solutions to take up the challenges that long-term SME financing faces in the wake of "Basel II".

www.kfw.de

Contact BlueM

Holger Essig
CFO / CCO

Blue Membranes GmbH
Rheingastr. 190-196
D-65203 Wiesbaden, Germany

phone +49 (0) 611.962.8730
fax +49 (0) 611.962.9066
mobile +49 (0) 172.986.5772

he@blue-membranes.com