

FINAL RELEASE

SUMMARY OF FINNISH HIGH-TECH COMPANY CAPITAL RAISING ACTIVITY – H109

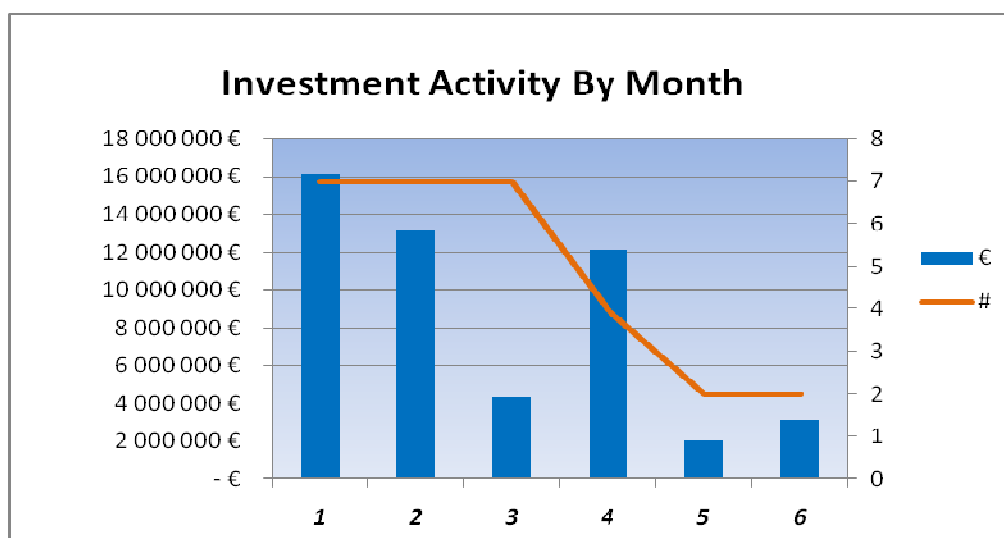
Technopolis Online Reports: Finnish high-tech growth companies raised almost €51 million in the first half of 2009—a 17% decrease from the first half of 2008. In addition, Q2 2009 decreased more than 50% compared to the prior year.

The following are the findings of the Quarterly Survey, conducted by Technopolis Online, which is at the forefront of high-tech venture capital research in Finland. This survey reviews capital raised by private Finnish high-tech companies from venture capital funds and from angel investors, both Finnish and foreign. The Survey is based on both publicly-reported and proprietary information regarding 140 Finnish and foreign investors, and 1,500 Finnish high-tech firms.

Overview - In the first half of 2009, 29 Finnish high-tech companies raised approximately €51 million from angel and venture capital investors. The amount raised was 17% below the amount raised by 34 companies in the first half of 2008, and 74% below the amount raised by 26 companies in the second half of 2008. The second quarter of 2009 was the lowest quarter recorded since 2007.

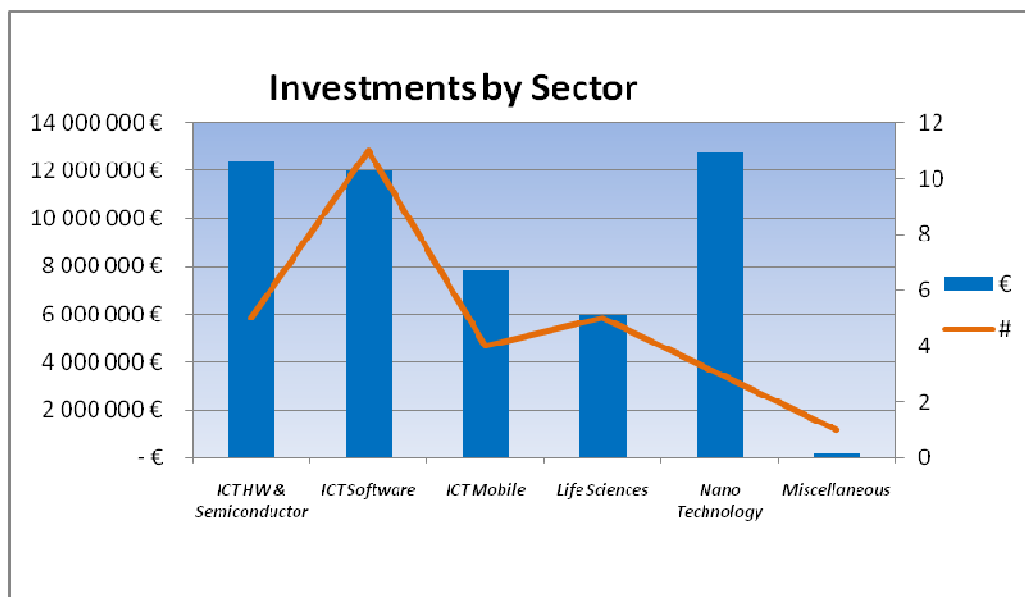
“There is a clear impact of the global slowdown in venture capital investing that we see in other markets like the USA, Israel and India,” said **Will Cardwell**, CEO of Technopolis Ventures. “We do not have the large bellwether transactions in Finland this year that we had in companies like WinWinD and Blyk in 2008. We see more than 50 companies seeking to raise funds right now in the Finnish market, and we hope that the environment will improve in the second half of the year. Likewise, we hope to see the significant exits that have been lacking for several years start to return in the second half of the year, since there are certainly a number of firms well-positioned for exit as the economic climate begins to rebound.”

In the first half of the year, 11 companies attracted more than €1 million each. Of these, three companies raised €5 to €10 million each: Eniram, Silecs, and EpiCrystals. Only one company raised over €10 million: Imbera Electronics. The size of an average financing round was approximately €1.8 million, about the same as in the first half of 2008 and about the same when compared to €7.5 million in the second half of 2008 which was skewed by two relatively large transactions.



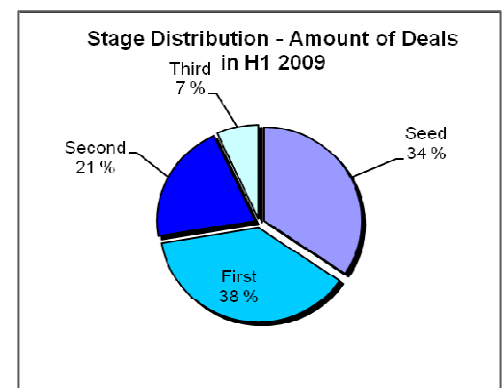
H1 2009 Highlights:

Investments by sector – Software companies were able to attract more investments than any other industry (11), similar to the situation in H1 2008. Altogether, software companies raised almost €12 million, a decrease from €15.5 million in the first half of 2008. Nanotechnology companies managed to raise more capital, with three companies closing deals worth €12.7 million, setting the average investment size at €4.2 million. Finally, the ICT Hardware & Semiconductor industry received slightly more than €12 million, almost completely due to Imbera Electronics’ €11.3m investment round. Overall, the average investment per company was €1.8 million in the first half. An interesting note is that only one investment was made into a company classified primarily as a Cleantech company however, many of the investments had clear Cleantech applications, like Eniram (software for improving the trimming of cruise ships, reducing oil consumption and carbon emissions).



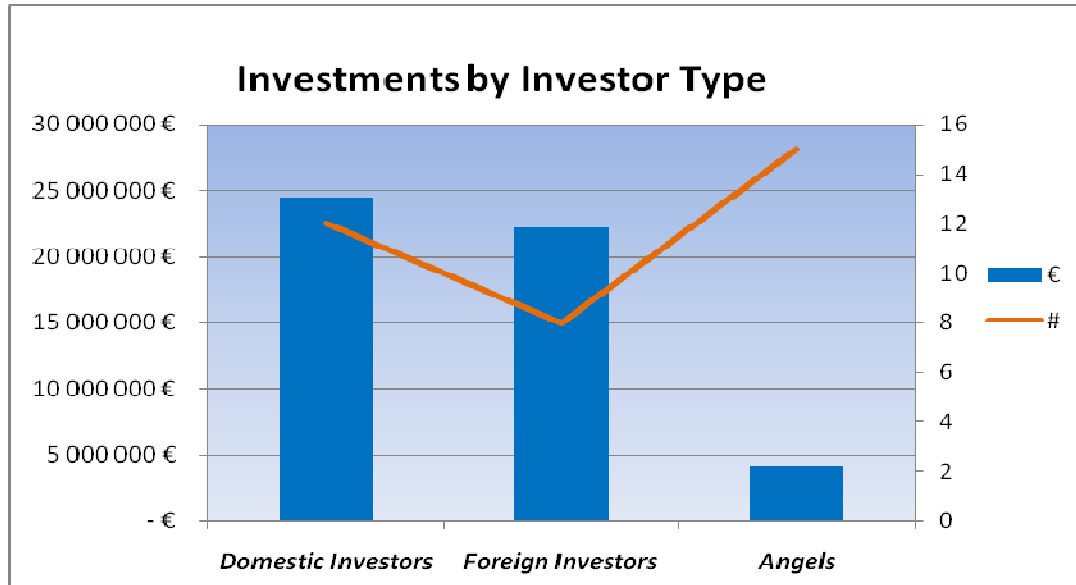
Regional distribution – During H1 2009, about 65% of the number of investments were received by companies that had headquarters in the capital region. In euro terms, the share was even greater, with capital region-based companies attracting over €37 million and 72.9% of all invested euros. This was a significant difference compared to H1 2008 when capital region-based companies received 56% of all privately invested euros. Venture capital raised by capital region-based companies was €34 million, so interestingly enough companies from Helsinki, Espoo, and Vantaa actually increased the risk capital intake compared to H1 2008, despite the difficult conditions.

Stage distribution – Seed and early stage companies were able to attract 27 investment rounds, a number we consider relatively high, given the economic conditions, but low relative to the number of investment opportunities in Finland. Early stage companies accounted for a majority of the number of investments. They attracted 93% of all investments in H1 2009. The average overall investment size of €1.8 million was not significantly different from the average early stage investment, which was €1.7 million – ranging from €150k up to €11 million. Overall, venture capital companies and private investors did not drastically change their stage preferences during the first half, according to the data.



Investments by type of investor – We have seen some remarkable changes from the previous year in the type of investor. Domestic venture capitalists were the largest single category of investor in H1 2009, though the €24,5 million they contributed was only slightly above the €22m contributed by foreign venture investors. Our other classification, angel investors (nearly exclusively domestic) were estimated to contribute €4 million.

There were only 6 clear international investments in H1 2009 which made the average size of foreign investment much larger than domestic venture capitalists' average investments (€3.7 vs. €1.3 million). In H1 2008, international investors invested venture capitalists invested €12.2 million and angel investors €6.2 million. Varying greatly from the H1 2009 figure, in H1 2008 domestic investors made as much as 70% of investment into Finnish high-tech companies.



Most active investors – The most active investors were based in Finland, with the largest two players being public VC funds. Leading two rounds, Finnish Industry Investment was the most active, taking part in six financing rounds. Veraventure executed five financing rounds, leading four of them. Also Finnish investors Conor Venture Partners and Inventure both opened their check books three times, while Open Ocean Capital, led by MySQL founder **Monty Widenius**, invested in two software companies. Our data does not indicate any international investor's investing in more than one Finnish high-tech company during H1 2009. Nevertheless, foreign investors Northzone Ventures and Index Ventures were responsible for the biggest single investment round during H1, when they invested nearly €10 million of the €11.3 million Imbera Electronics raised.

Other Results from Our Data

No Exits - Perhaps the biggest worry is that there are no significant exits in our dataset. In fact, no exits have been reported from any venture-backed growth company in H1 2009. While there was some minor action in the angel-backed merger and acquisition market, there were certainly no noteworthy larger deals reported. Until there is a functioning exit market – both IPO's and trade sales – venture capital will by definition be scarce since pension funds and insurance companies will stay away from the venture capital asset class. We see positive signs of action in the recent moves of the NASDAQ/OMX. It is becoming more active in raising the number of Finnish listed companies on the First North Exchange (three Finnish companies compared to over a hundred in Sweden). Positive trends are starting to appear in the IPO market, in the US at least, with six venture capital-backed companies debuting in the US market producing very positive early investment returns.

Many companies are seeking funds - On our radar screen, we see over 50 companies actively raising money, and we expect that there are some more that are unknown to us. Many companies have scaled back the amount of investment they are seeking, and they are operating in "survival mode" until both product and capital markets become more attractive. The "sweet spot" of venture capital target fundraising seems to be in the 2-3 million euro range, with "fallback survival options" around 300,000-500,000 euros. This means that there is a stock of fundraising demand in excess of €100 million heading into the second half of the year.

Espoo, Finland, 20.08 2009

No new venture capital funds or new venture capital management companies were set up in H1 2009. And while numerous international venture capitalists were shopping in Finland, as reported earlier, there were very few known investments. There must be very active campaigns to attract more international venture capital interest in Finland, as well as incentivizing international corporations to invest in and acquire Finnish companies.

There are *a few interesting international benchmarks* for Finnish venture capital numbers, now that H1 2009 venture capital numbers have been reported in several key markets. In Israel, H1 2009 showed €388 million of venture capital investment (7.6 times the amount in Finland during the period), which was down 49% from H1 2008. India showed €83 million of investment in H1 2009 (only 1.6 times the amount in Finland), down 72% from H1 2008. In the US, NVCA (National Venture Capital Association) H1 2009 statistics reported a 55% decrease from H1 2008, having the invested amount decrease from \$15.2 billion to \$6,9 billion in H1 2009.

Methodology

We begin with investments reported in the press, using the assumption that a round is completed on the day when it is announced in the press. We then add all investments that are recorded by the teams in Technopolis Ventures' 6 locations around Finland. Next we make any necessary estimates regarding to the sizes, and distribution of investment among investor classes, based on the known characteristics of the investors in question. When information is not public, to evaluate the size of a round, we make a sophisticated estimate based on the company's stage, its intends of using the capital, and its reasons behind raising venture capital.intended use for the funds, Finally, we use primary information sources - i.e. interviews of the entrepreneurs and/or investors to confirm our estimates to the degree that they will provide us information. While these estimates have some drawbacks, we believe that our information is the best available, given the relatively secretive nature of venture capital investing in Finland. In particular assuming that the completion date is the same as the announcement date is a strong assumption, and we believe that it may create a lag in the results, but our goal here is to have a consistent methodology that allows year-on-year and international market comparisons.

About Technopolis Online - Technopolis Online is the most comprehensive investment database of the investment patterns in the Finnish high tech industry, combining validated company data and the latest financing rounds to provide a platform for visibility, business intelligence, and transparent market information. By offering an unparalleled depth of market information in Finland and enabling the first national, real time statistical process and validation, Technopolis Online is the foremost information tool for all high-tech financing activities in Finland. Technopolis Online is operated by Technopolis Plc. The service will be launched publicly in September 2009.

The Finnish version of this report is available upon request.

For further details, please contact:

Will Cardwell, CEO (will.cardwell@technopolis.fi)

Karri Hautanen, Head of Services & Technopolis Online (karri.hautanen@technopolis.fi).