



ANNOUNCEMENT OF £2M CO-INVESTMENT PROGRAMME

At our last OEI meeting on 13 November, we announced the signing of the heads of terms between OION Ltd and HBoS Growth Equity for the provision of £2m funding to be invested by HBoS alongside OION Ltd investors and in OION Ltd companies in the coming year. This includes all three Oxford Innovation business angel networks, TVIN, OION and OEI.



LtoR: Don McLaverty, Oxford Innovation, Ali Carye BoS GE, Malcolm Kpedekpo

The full public announcement will be made early in 2008.

OEI meeting Dates 2008

Tue, 19 February	OEI — Warwick Ventures joint meeting	OSP, Oxford
Tue, 29 April	OEI Investment meeting	OSP, Oxford

Sponsors:

OEI would like to acknowledge and thank its sponsors



Company Updates

NANOSIGHT

NanoSight Ltd, the nanoparticle characterization company, reports growth in sales of the LM series of bench-top system for rapid and easy sizing and counting of individual nanoscale particles in suspension. To date NanoSight have sold 85 instruments to customers world-wide.

One of the most important emerging nanoscience areas is nanotoxicology. In this rapidly growing science, the characterisation of nanoparticles, including their size distribution in a biological medium is critical. Average size

is not enough, as the smaller particles in a wide dispersion could well be the ones to enter and affect cells.

NanoSight's systems offer the ability to obtain higher resolution particle size distribution profiles than other more time-consuming and expensive methods, from samples with minimal sample pre-treatment. The system instantly recognises and quantifies polydispersed and multimodal samples as well as agglomerates and contaminants.

The software enables real-time dynamic nanoparticle visualisation from which independent quantitative estimation of particle size and size distribution can be obtained.

The technology is not restricted to nanotoxicology and is finding uses in many areas across multiple industries.

Nanosight's growing user base includes international companies such as the 3M Corporation, BASF, ICI, BP, Unilever and GSK.

For more information, please visit www.nanosight.co.uk.



Current Investment Opportunities

Company A is a nine year old established business with £1/2m annual sales, a profit of £34k, and a historic growth rate of 20-30% per year. It is now embarking on an exciting new joint venture with another mapping company to establish a street level map database free of any Ordnance Survey or other third party IPR. (£230K)

Company B was founded in August 2006 to develop and manufacture detection technology kits for genes and proteins targeting infectious diseases, serious hospital and community based organisms and fertility hormones (£170K).

Company C has been developing a consumer product concept that replaces the conventional mechanical car jack with an automated airbag car jacking system that also doubles up as a tyre inflator. (£125K)

Company D develops new cancer drugs and has a potential blockbuster. Whereas current treatments target the changes that initiate cancer, Theyte targets the mechanisms that allow established cancer cells to survive. (£150K)

Company E is a design lead furniture business founded in 1999 that has supplied to clients around the .A team of experienced designers, more usually designing mobile phones, cars and parts of aircraft, were put together, around a new concept of furniture and business model, integrating several technologies in ways more akin to a car or yacht. (£140K)



Company Updates continued...

Inscentinel Ltd



Following its presentation at the OEI event in September 2007, Inscentinel successfully met its target of raising £105,000 of new investment. As a result we have been able to focus on developing the engineering solutions required to take Inscentinel's honeybee based vapour detection technology forward to the next level.

Development of the next generation vapour sensor is well underway in collaboration with our engineering partners, Design Projects, and is due for completion at the beginning of 2008. This prototype will allow real world scenario trials to be carried out in order to prove the technology's capabilities in the field.

Inscentinel has also made significant progress working with creative designers (Tom Design, Cherry Bytes) to produce

innovative new solutions in the automation of the necessary bee handling stages. Removing human labour and error from this process will prove an important step change in the deployment potential of honeybees.

Inscentinel has also begun an exciting new contract with Norwegian food research institute, Matforsk, to evaluate the ability of bees to detect pork meat spoiled by 'boar taint', a serious problem in meat from uncastrated male pigs. If successful this could result in a working application by the start of 2009, when the distressing process of castration of male pigs is banned in Norway.

Thanks to the new funding, Inscentinel has been glad to welcome a new member of the team. A scientist with previous experience in training free flying honeybees, Christine Trittermann adds a new dimension to the knowledge base of the company and enables us to continue with our rapid development programme.

Cryox Limited



Cryox was formed by tech-transfer company CLIK to exploit cryogenic technology from STFC, the research council which operates Labs at Rutherford Appleton, Daresbury and the UK Astronomy Technology Centre in Edinburgh.

Opportunities have been identified for application of STFC technology to meet growing demand for cryogen-free equipment and for application of high temperature superconductors, which need additional time to bring to market. The potential for Cryox to act as a vehicle to commercialise additional cryogenic technology from other PSREs has also emerged.

The original Proof of Concept phase is being extended into 2008 to accommodate both these developments."

Agile Enterprise



reports substantial and very positive developments

Firstly, Agile Enterprise now has a potential lead investor who would be interested in investing alongside other Business Angels. Formerly CFO of one of the largest software vendors in the world, he already advises the company on financial governance and considers accepting a Non-Executive Director role in the company.

Secondly, Agile Enterprise is in the advanced stages of finalizing a partnership agreement with one of the UK's top five management consultancies. They see Agile Enterprise's software product as being instrumental in the success of a global initiative being rolled out in 2008.

Agile Enterprise offers knowledge management software that captures the relationship between a complex organization and its IT assets. Targeted at Fortune 1000 companies and government bodies, it supports the necessary analyzes of major changes such as merger integration, operations risk management or regulations compliance programs. Compared to the status-quo (often in-house efforts built on desk-top products), it enables senior managers to understand the impact of those changes on the IT landscape in hours rather than months - in situations that are often time critical, and in a way that is orders of magnitude more cost-effective.

ClickUni



ClickUni, a web-based service provider for all types of social membership groups, are progressing well in discussions with prospective investors. They have now re-branded, moving to the new domain name www.groupspaces.com in order to facilitate future expansion beyond the university market.

We would also like to congratulate David, who ended up coming 2nd in the 2007 UK Graduate of the Year competition.

Quills

Gordon Willis, who developed a newly patented synthetic range of shuttlecocks to replace the traditional goose feather shuttlecock, wrote an article for Badminton England magazine about the technical issue involved in shuttlecock design and the problems related to bird flu, which sparked a flurry of emails from investors. He has since formed a new company, Bird Design Ltd, and is now underway with the project.

SPEICAL Membership announcement for Individual Investors

From 1 October 2007, any investor member making investments of a £25k+ within the year will receive free membership in 2008/09!



Enterprise Investment Scheme

The Enterprise Investment Scheme (or “EIS”) is a number of tax breaks to encourage investors to put money into small companies. This document will try to summarise these tax benefits, but inevitably it won't go into full detail.

The basic idea

To help small companies that trade in the UK to grow, investors who put cash into them by way of share capital can get tax back on their investment.

What companies qualify?

There are lots of conditions, and we can't go into all of them, but they include the following:

- The company must be trading, not investing. (There are a number of excluded trades, often based on property or financial services — the idea isn't to give tax breaks to them.)
- Its trade must be mainly in the UK.
- It must be unquoted, and it mustn't have gross assets of more than £7m (after the new shares, this can go up to no more than £8m).
- There mustn't be more than 50 employees.
- It mustn't raise more than £2m via this scheme in any 12-month period.

Tax breaks for the investor

There are two tax breaks:

1. Investors can roll over capital gains, and thus put off paying CGT until they sell on their new shares (“CGT deferral relief”).
2. They can get income tax relief at 20% on their investment. If they keep the shares for three years, the income tax relief is theirs to keep forever, and in addition that shares can be sold on completely free of CGT any time after that (“Income Tax relief”).

To get **CGT deferral relief**, there are fewer restrictions. There is no limit on the total amount an investor can pay out, and he can roll over gains up to three years after they were made. But there mustn't be any way that the investor can get his cash back through some indirect return of capital.

To get **Income Tax relief**, the restrictions are tighter. First of all, the investor can't have relief on more than £400,000 in any tax year. Secondly he can't work for the company before he invests (he can become a director afterwards). Thirdly, the investor, along with certain people connected with him, can't own more than 30% of the company. And again there must be no way the investor can get his cash back via some return of capital.

Although this is not a deliberate part of the EIS set-up, the nature of EIS investments is such that, after two years of ownership, your investment should qualify for 100% exemption from Inheritance Tax as well — a benefit often overlooked.

How do we know if an investment will qualify?

Companies looking for investors, as well as the investors themselves, will want to be sure that investments in the company will qualify for EIS, before the investments are made. Fortunately, HMRC offer a service whereby they can express an opinion whether investments will qualify or not, in advance of their being made.

What can Critchleys do to help?

We can:

1. Make sure companies satisfy the conditions to qualify for EIS, and assist them in the process of raising money via EIS.
2. Advise investors to make sure they get the benefit of the relief.
3. Deal with the paperwork regarding HMRC assurance, claims etc.

Critchleys is one of the leading firms of advisers to the technology sector. Our commitment to this is demonstrated by our membership of The Oxford Trust and involvement in technology-focused investment networks such as OION, OEI and UNICO. We have also worked with spin-outs from Imperial College, London, Birmingham University, Oxford University, Oxford Instruments and Rutherford Appleton Laboratories.

If you think you might be affected by this please contact, Gerry Jackson on 01865 261100 or email gjackson@critchleys.co.uk