



DEALZONE

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Welcome to SWAIN's first issue of Deal Zone. Here we will keep you up-to-date with companies progressions and will have a good news section.

First let me introduce you to the team at SWAIN



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Hello, welcome to the first issue of SWAIN's Deal Zone. This publication has been designed in-house by Jenny and I hope that you will find it useful and agree that she has done a terrific job. Currently there are three main sections to the publication; Deal Progress Zone, Good News Zone and Photo Zone. Deal Progress stories are about companies that are currently looking for investment and provides an update on progress made by the business as well as on latest investor interest. For this issue we have three Deal Progress stories.

The Good News Zone gives an insight into our most recent completions as well as success stories downstream from investment. In this issue we have four.

Finally there is Photo Zone which shows what we have been up to at SWAIN.

If you would be interested in viewing the current opportunities SWAIN have on offer please visit <http://www.swain.org.uk/Opportunities.aspx>.

I really hope that you enjoy Deal Zone, if you have any comments then we would be very interested to hear them.

Regards, Philip



Deal Progress Zone *Company 1 of 3*

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Summary –

The company developed the character of “Max” a blue little ball which floats in the toilet providing a target for youngsters to aim at, preventing spills.

Progress –

2009 has started very positively with sweeping reductions in costs and overheads, a repositioning of price points in order to secure greater volume, along with improved branding and packaging, all of which has culminated in On Target securing the Tesco business, initially for five months, during which Tesco have forecasted to sell some 185,000 units. Tesco joins the company’s already strong portfolio, which includes some of the biggest high street names such as Boots, Asda, Waitrose and Toys R Us.

2009 has also seen investment come from the Far East, with the creation of a Malaysian subsidiary, which will give way to six new products and which opens up distribution potential throughout Asia, the US, South Africa, Australia and India. In addition, the company has set up a sourcing facility, which is already allowing other SME’s to tap into the low cost manufacturing capability that Malaysia has to offer, with one company seeing its manufacturing costs slashed, not to mention zero rated import duties for most products.

Exciting news such as this has already caught the attention of the BBC, keen to do a Dragons’ Den follow up on what has already been an incredible year for us.

On Target still seeks investment for its UK operation, where it is expected to move into profit during the remainder of this year.



Deal Progress Zone continued *Company 2 of 3*

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Summary –

Problem for companies - when we make a call from our mobile we look up the contact's name in our address books (Blackberry, Outlook, Salesforce.com, Lotus Notes, etc.) and then dial the number listed against the contact. However when we receive the bill all we see is the number we've dialled. This makes it impossible to review the bill, identify personal calls, billable time, etc.

Solution –

A company receives its mobile phone bill (in CSV format) with all the numbers its employees have dialled

But ...

This is tough to analyze

So ...

We integrate that bill with their address books (Outlook, Lotus Notes, Salesforce.com, etc.) and we look for all the numbers dialled

We then retrieve the contacts/companies associated with each number

The bill can then be easily analyzed by seeing the names dialled and can be electronically sent to all employees for review

Employees can identify billable time, personal calls, etc.

A good tool to generate revenue and reduce costs in this tough economy.

Progression –

The company now have 10 customers in trial with the application and are raising £250k in order to get to breakeven. We just recently secured £100k leaving £150k for SWAIN investors.



Deal Progress Zone continued *Company 3 of 3*

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Summary –

Quotient Diagnostics Ltd (Walton-on-Thames), has launched its diabetes monitoring system and is now close to completing its latest funding round.

Progression –

They have secured their first orders -- 26 systems have been shipped to date - and are scaling up production to meet customer demand. The system, comprising a host reader and a disposable cartridge, measures in the doctor's surgery an indicator (known as A1C) normally only achieved on complex laboratory systems.

The company has also recently received interest from an institutional investor.

The company is seeking a further £200,000 to complete its £1 million funding target.

Present and past investors include over 30 angels from Cambridge, London and Oxford. They have also secured an offer from the Italian Angels Group in Milan, and are in negotiation with Sophia Business Angels in Nice. "Diabetes knows no boundaries", says director Simon Harris. "Our first sales are in Europe so it's appropriate to have European investors alongside us".

Presently the company has 6 SWAIN investors interested with 2 having visited the companies laboratories and two more visiting soon. 1 SWAIN investor has already put money in.



Good News Zone *Story 1 of 4*

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Angels open the door for fiNETra

Finding finance to grow is one of the hardest challenges any small or medium size business will face and the current financial situation isn't making that process any easier. However, one company has bucked this depressing trend and achieved just that. fiNETra, based in Wellington, has been successful in raising £125,000 from SWAIN investors.

SWAIN (South West Angel and Investor Network) is a business angel network, connecting exciting, high grow companies with private investors. Philip Tellwright Managing Director for SWAIN was delighted at the news saying "due to banks reducing lending, we are frequently seeing high quality investment opportunities and I am delighted that fiNETra have managed to buck the depressing trend and succeed in bringing hope to this current climate."

fiNETra have developed a low cost, TV quality, "live video streaming system" that allows every type of organisation to enjoy the benefits that live images can bring to their websites. For a start up company, fiNETra has already secured orders from ITV, Somerset County Council, The Minack Theatre and Paignton Zoo. In line with their global ambitions, fiNETra have also recently adapted intermittent images screened by The World Land Trust from the jungle in Ecuador into a totally live feed featuring humming birds and toucans. When asked what makes his product so marketable, Mark Welch, Chief Executive Officer and founder of fiNETra said, "We are offering something different that will attract more people to a clients' website. At the moment it is tough to get a business noticed. Having live video streaming allows a global audience to see exactly what's happening, as it happens. For example, when live video streaming images of a new baby rhino at Paignton Zoo were shown on the BBC website, visitors peaked at 90,000 a day. As a direct result, footfall to the zoo increased by 40%."

Describing the process leading up to this investment, Mark explained, "Times were difficult for me and my partner. I worked without pay for two years but it was a gamble and as they say, nothing ventured, nothing gained. SWAIN did an excellent job and succeeded in putting me in front of the right people where other angel networks had struggled."

Bruce Colley, Investment Director for SWAIN added "We are delighted that Mark has been successful in convincing a number of investors to come together to make a deal happen. The £125K is made up of three investors each putting in £25K, a further two £12,500 each and the remaining £25K from three investors who have formed a syndicate to enable them to spread their investment capacity. The deal illustrates the point that business angel investors come from a wide range of backgrounds and with a significant variation in the amount available to invest. Many of our investments involve three or four investors putting in £25K to £50K each and some will see a single investor putting in £250K. The private investor is becoming a significant player in terms of helping to finance south-west businesses and we are only scratching the surface in terms of the potential. We are delighted to talk to any potential investor about what is involved." He added "It is also worth noting that the banks have played their part, with HSBC putting in £50K of unsecured loan on the basis that investors are in effect de-risking the investment". Intellectual property and commercial advice were provided by Edmund Probert of Foot Anstey solicitors.



Good News Zone continued *Story 2 of 4*

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SWAIN Investment rebukes the recession

The ongoing doom and gloom in the financial world has led to many consumers being forced to change their spending habits, which has led to changes in the way investors spend their money. No longer are mainstays such as banking giving the security in investment of years gone by, leading to an increase in entrepreneurs looking for alternative investment routes.

With consumer spending on traditional nights out at an all time low due to the 'credit crunch', people are increasingly looking for a low cost night in. Waitrose recently reported a 30% increase in sales of its 'As Good As Going Out' range of ready meals, whilst online DVD rental service LoveFilm claimed a 40% increase in new memberships since the Summer of 2007.

One company that received investment from SWAIN in 2007 has seen a substantial increase for demand in their product as a result of changes in consumer behavior. The Movie Booth deploy DVD rental kiosks across the UK and Ireland. In December 2007 the company received a £125,000 investment from two SWAIN 'angels' and in the process of this Carlos Marco, Managing Director of the company, received an award for becoming the youngest entrepreneur to receive investment through SWAIN. Since launching The Movie Booth in early 2008, the company has seen a 60% increase in new monthly kiosk launches, with twelve DVD kiosks being launched across the UK and Ireland since January 2009.

The Movie Booth claim their machines are the modern alternative to Blockbusters traditional DVD rental model, and enable retailers to offer a completely new service from within their existing premises. Alongside company owned units deployed in retail stores, The Movie Booth sell kiosks to individual investors and investment groups looking to become involved in a home entertainment industry which has received a new breath of life since the downturn in the economy led to an increase in consumers spending nights in as opposed to nights out. For entrepreneurs who don't own sites to place a DVD kiosk, The Movie Booth assist in finding the most suitable locations available based on localized demographic data.

DVD rental kiosks have proven to be extremely popular amongst investment groups in the USA, which includes McDonalds, Coinstar and MCG Capital Corporation. The biggest operator of DVD kiosks in the US is Redbox, who now have over ten thousand units in operation. The Movie Booth hopes to recreate a similar success story in the UK and Ireland, so says Managing Director Carlos Marco:

"We have seen a big increase in interest in our product since the credit crunch began. Most of the people we work with are individual entrepreneurs looking to invest their cash in a business which can grow in this economic climate. We have also seen a big increase in the number of people renting DVD's from our kiosks which shows the great strength of our market. We are happy to say that our investors have been very happy with the returns they have seen so far".



Good News Zone continued *Story 3 of 4*



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Fluvial Innovations Raise Investment and Stop the Flood

Following on their recent success in finding £125,000 funding for Somerset based FiNETra SWAIN are delighted to announce the an investment of £50,000 from a single private investor into Dorset based Fluvial Innovations

Simon Phelps, the founder of Fluvial Innovations, has developed a temporary flood barrier which is faster and cheaper to erect than the traditional sand bags. The individual sections of barrier which can easily be lifted by one person and are locked together using an innovative weighted “key” forming a watertight barrier up to 100’s of metres in length. The barriers can provide a useful secondary function as a traffic barrier as is presently the case in Scotland, or stacked for storage. Having undergone 3 years research and development supported by both Bournemouth University and the BERR (Business, Enterprise & Regulatory Reform), the barriers are now set for use across the country.

Simon was delighted to receive the £50,000 investment especially as the investor is also going to mentor Simon and his company. Speaking about the process of raising finance Simon said “the process was a huge learning curve as I was very green when I first started. SWAIN were really helpful in getting me in front of good quality investors and by allowing me to practice first to an expert panel consisting of an investor, solicitor and accountant. I would like to thank SWAIN and my family, in particular my brother who helped with the testing of the barrier due to having access to large quantities of water with his job as a fireman.”

When asked how the money would be used, Simon explained, “at the moment the barriers we supply are ½ metre in height and they have proved highly successful. For example we recently sold 180 metres of barrier to the Environment Agency. However a lot of the local councils we have been speaking to would like 1 metre high units. Therefore we will be using the money to develop the 1 metre units and to increase production to meet demand.

Bruce Colley, Investment Director for SWAIN added “I am particularly delighted that Simon has managed to find funding. Simon’s tenacity in taking an idea from a project within Bournemouth University to a well developed commercial offering has taken a great deal of hard work and perseverance. I have no doubt that Simon’s enthusiasm and innovation along with the investor’s knowledge about securing large contracts, particularly from public bodies will lead to a successful business”.



Good News Zone continued *Story 4 of 4*

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National Physical Laboratory to Evaluate NanoSight

The UK's national metrology institute, the National Physical Laboratory (NPL), is commencing a one-year evaluation program of NanoSight's nanoparticle characterization technology, Nanoparticle Tracking Analysis (NTA).

The program takes the form of a Joint Industry Project, funded in part by government. The initial objective is a validation of NTA and comparison with existing nanoparticle sizing techniques and standards.

Dr Alex Cuenat, NPL's Nanomaterials Group Leader, reports: "What differentiates NanoSight from existing light scattering techniques is that it provides a direct view of the sample under analysis and rapid quantitative estimation of the sample size, size distribution and concentration."

"No method is truly universal. Most ensemble measurements are made using dynamic light scattering (DLS) or photon correlation spectroscopy (PCS). These methods are very fast with thousands of particles analysed in a single second but they cannot accurately analyze multi-modal (more than one size) dispersions or follow changes during analysis."

"NanoSight's Nanoparticle Tracking Analysis (NTA) differs in that it measures particle speed compared to DLS which is measuring intensity of light scattered. This unique real-time capability to follow the Brownian motion of individual nano-particles, leads to advantages over DLS. These include avoidance of a bias towards larger particles, which is driven by the latter's dependence on scatter intensity; an estimate of concentration which NanoSight provides; and a unique image validating the results and providing additional insight."

"We first saw a NanoSight prototype in 2005 and recognised how, with development, the technique had potential to fill gaps in characterization methodologies of sub-micron dispersions. Since then, we have seen this technique develop well, so, although we do not know yet how this will result, we are enthusiastic about running an in-depth validation. This investigation will look at precision and accuracy and assess the validity of the algorithms used in NTA in some depth."

NANOSIGHT





Good News Zone **continued *Story 4 of 4***

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National Physical Laboratory to Evaluate NanoSight Continued

Dr Patrick Hole, Development Manager at NanoSight comments: “During the past four years, we have seen nanoparticle size and size distribution at the top of the list of characterization requirements for those assessing the toxicology of engineered nanoparticles. We are already working with a number of researchers in this field. Before accepting NTA, they will usually compare NanoSight to DLS/PCS or electron microscopy to see what additional information can be obtained on their own samples.”

“With more than 150 users worldwide, we have seen many successful comparative tests, but in this project with NPL, we have third party scrutiny from an internationally respected expert group. Consequently, this project is a significant step towards gaining technical acceptance, as well as a chance for us to improve NTA with expert input from Dr Cuenat’s team.”

One such advocate of the technique is Professor Kenneth Dawson, at UCD in Ireland who states: “We have evaluated NanoSight for evaluating nanoparticle dispersions for nanosafety and find it uniquely useful in assessing dispersion quality. The rigorous approach taken by NPL in verification of this will be very welcome.”

Another NanoSight user, Dr Rob Aitken, Director of SAFENANO says: “Improved characterization in the field of nanotoxicology is a critical requirement, and NanoSight has demonstrated significant potential in filling the gaps not covered by other techniques”.





Photo Zone

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From the left to right, Ashley Warden, Chairman of fiNETra, Bruce Colley, Investment Director of SWAIN, Barrie Taylor, Media Director of fiNETra, and Mark Welch, chief Executive of fiNETra.



From the left to right, Simon Phelps, founder of Fluvial Innovations and Bruce Colley, Investment Director of SWAIN