

invention . . . proof of technology . . . proof of market . . . breakeven . . . exploitation

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**CXR Biosciences
investment supports launch
of new product range**

Dundee-based CXR Biosciences, which specialises in drug development and safety assessment technology, recently completed a £1.25 million round of investment to enable it to complete the commercialisation of key R&D projects and to launch a new range of models and services throughout Europe and the USA.

Investors were the Archangel Informal Investment syndicate and other individuals.

CXR, founded at the end of 2001, is now at the key commercialisation stage for a number of important projects and

has been investing in increasing its sales infrastructure since 2007.

One of the new technology platforms being launched is the *transADMET* range of models. These have been developed over five years in collaboration with TaconicArtemis in Cologne (www.taconic.com, formerly Artemis Pharmaceuticals) and the research was funded by ITI Life Sciences in Scotland.

Pharmaceutical research can be wasted when drugs which appear promising when tested in animals are found to have harmful effects on humans at a later stage of testing. In particular, current animal testing often gives poor predictions of absorption, distribution, metabolism, excretion and toxicology (ADMET) in man. This inability to translate animal results to

**We wish all our readers
a merry Christmas
and a happy New Year**

man is driven by profound interspecies differences in the levels and functions of proteins involved in drug and chemical metabolism. The transADMET mouse models are designed to provide data that is more relevant to man in order to improve the development of

new drugs and the safety assessment of chemicals. These new models are now available to academic and industrial customers either through CXR Biosciences for the provision of contract services or for direct purchase through Taconic.

Contact: Dr Tom Shepherd
01382 432163
www.cxbiosciences.com

Treble events at Festival4Stars

Talent spotting company Festival4Stars will organise three times as many events next year as in 2009, and plans to franchise its schools programme to extend its activities further.

The business secured external finance for the first time in 2009 from a private LINC investor, to help build its profile and take its proven concept into secondary schools by way of a franchising model.

Festival4Stars was started by director Judy Brunton in 2003, together with Brian Laurie who runs Paisley Academy of Music. A pupil at the Academy was harshly treated in a TV reality show, and Brunton and Laurie saw the opportunity to give would-be stars a chance to compete without having to suffer the humiliating criticism typical of most TV shows. They started a programme of events at which all contestants are given constructive written feedback from the judges.

This programme is now nationwide and has sections for solo dance, solo singing, musical solo, musical group, star group, and dance duos, trios and groups. An international songwriting competition has subsequently been added as a separate operation.

Up to now Festival4Stars has run single annual events in 11 UK regions, but next year there will be 34 events. One reason for this, says Judy Brunton, is that contestants who do not win often want to have a second chance, particularly if they have been able to take on board the judges' suggestions for improvement, but only those who can afford it have the chance to travel to a different region to compete (there is no geographical restriction on where a performer can appear). By trebling the number of events, it makes it possible for such people to have another go, as well as responding to the demand for more events. Students from the Events Management course at Glasgow Caledonian University have run events for Festival4Stars up to now, and two graduates from this

course have recently been taken on as employees of the company.

Festival4Stars earns revenue from competitors' entry fees and from ticket sales for events, and has in the past been offered investment, but on unsatisfactory terms. The £50k investment by the LINC business angel led to an additional £25k from a second angel; Brunton says that there is still equity available for a third angel to invest.

The schools programme launches as a pilot scheme in January, and the company intends to offer franchises for running events from June onwards.

Contact: Judy Brunton
0141 620 2300
www.festival4stars.com

Although we are aware of a number of deals nearing completion, we have not been able to trace many that we were able to report in this month's issue of YCF. There will as usual no doubt be a number put to bed just in time for the Christmas break, and others which are postponed into the New Year. We will give as full an account of these as possible in next month's issue, but in the meantime, if you are aware of any deals which we have not yet covered, please do let us know, by email to jonathan@ycf.co.uk

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Anyone who wishes to pursue any opportunity appearing in these pages should consult an adviser who is authorised for the purposes of the Act to ensure that its provisions are properly complied with.

Start-ups and spin-outs

Our occasional series this month features three companies in very different sectors, but with one thing in common: the potential to capture a significant share of enormous global markets.

- Colin Adams

NGenTec:

Growing in the wind

NGenTech has been spun-out of the University of Edinburgh's School of Engineering to commercialise technology which could, with no pun intended, revolutionise wind turbines. The company was co-founded by Dr Derek Douglas of Adam Smith Ltd, who as a director is currently in active negotiations to raise £4 million of development funding, together with Derek Shepherd, Dr Markus Mueller, and Alastair McDonald.

The spin-out's C-GEN technology is designed to replace the complex gearboxes in wind turbines with a direct drive system which is simpler to assemble, lightweight, so cheaper to make, more efficient and reliable, and easier to maintain. Douglas believes it will offer significant advantages, especially in off-shore installations, a market which in the UK alone is expected to be worth £35 billion by 2020. "I think NGenTech could take a reasonable share," he says. Worldwide the wind energy market has already grown by 28% a year over the past decade, a process which will accelerate as nations seek to reduce their carbon footprint.

The team at Edinburgh's School of Engineering was led by Dr Markus Mueller. The spin-out was managed by Edinburgh Research and Innovation, the University's commercialisation arm. Derek Shepherd is chairman and acting chief executive of the company.

Derek Douglas has raised £100 million for early stage companies, his last university spin-out having been Kymata, the opto-electronics components company which grew from nothing to a staff of 550 in two and a half years before being sold on.

Contact Dr Derek Douglas
0779 190 0616
www.ngentec.com

Ohmedics: Sensor sensibility

Ohmedics is a spin-out from the University of Strathclyde, where bioengineers have developed a tiny, disposable sensor which allows doctors and nurses to monitor the healing process in patients' wounds, without the need to remove the dressings.

The *WoundSense* sensor is attached to a gauze dressing and when linked to a handheld meter will reveal if the wound is wet, moist or dry. A moist reading indicates that healing is progressing well, and the patient can be spared the discomfort of an unnecessary dressing change, so reducing skin trauma and the risk of infection.

Chief executive of the new company is Trish Connolly, the Professor of Bioengineering at Strathclyde and Director of the Strathclyde Institute of Medical Devices, who has considerable high-level international experience in industry.

Professor Connolly says "Since the sensor is applicable to nearly all types of dressing, its potential market is very large. With chronic leg ulcers alone affecting 10 in every 1,000 adults in the western world at some time in their lives, the need for effective wound care is clear."

Ohmedics, initially funded by the Scottish Enterprise Proof of Concept programme, completed two successful private funding rounds this year. NHS Glasgow and Clyde were involved in clinical trials to ensure the device met the needs of both staff and patients.

WoundSense will be manufactured in Scotland, and Professor Connolly says the product will be available to selected distributors in Europe and the Middle East in the first quarter of 2010.

Contact Professor Trish Connolly
0141 339 5619
www.ohmedics.com

ProCenseo:

Fighting the good fight

ProCenseo was launched as "a new Scottish company battling climate change". At the official opening of its premises in Dundee in November it was claimed that its first software product *Space Manager* "raises the level of the bar in terms of speed, accuracy, improving energy efficiency, and providing businesses with a range of energy options to improve the bottom line".

The new company's core business will use building data models to allow the rapid production of Energy Performance Certificates, which it is estimated will improve the productivity of the Energy Assessor by between 300% and 500%. The start-up, which has attracted Regional Selective Assistance of £220k, is to create 27 new jobs initially.

Managing director Steve Harrison says "ProCenseo is coming to the market as energy efficiency and carbon emission legislation is increasingly enforced. In creating an accurate data model of buildings, we also assess different options to improve energy efficiency which is vital in heading off climate change."

Recent European, UK and Scottish legislation all increase pressure on commercial companies to ensure that their buildings are assessed for energy efficiency and environmental impact prior to sale, rental or new construction, but current methods of doing so are time consuming and complicated.

ProCenseo is a joint venture which combines the software expertise of Pythagoras SA of Sweden with the web development expertise of Just Ask Services in London. Dundee was chosen as its location because of the availability of suitably qualified recruits.

The new company's financial advisors are DC Consulting of Dundee, who referred it to Scottish Enterprise's

High Growth Start-up Unit. It is also working with the Energy Systems

Research Institute at the University of Strathclyde, to further develop its IP.

Contact Steve Harrison
01382 568333
www.procenseo.com

Recent SMART and R&D awards

The following grant offers for SMART/SPUR and R&D awards were made between April and September this year. As usual, we give a little more detail about some of the companies which have not previously appeared in the pages of YCF.

R&D GRANTS

All the following companies were awarded the maximum or close to the maximum grant of £35,000.

Surface Active Solution,

Grangemouth

www.surfaceactive.com

The application of microemulsion technology and bio-surfactants in enhanced oil recovery operations

SAS is a subsidiary of Surfactant Technologies, started by SE/RSE Enterprise Fellow and RSE Gannochy prize winner John Harrison. The core business of SAS is cleaning and remediation applications for offshore support vessels and drilling rigs.

Kineco, Perth

Scotia Radio Services,

Glasgow

Partner: Glasgow Caledonian

www.scotia-radio.co.uk

Sports communication systems

Scotia Radio Services is developing a communications device that allows spectators to receive premium based audio content during major corporate sporting events. The device will be aimed at a wide range of sports including football, golf, rugby, cricket, and motor sport. The SCORE project involved product specification and proof of concept for the device and development and testing of the content. Both device and content are intended to be highly customisable.

Supremis Air Traffic Command and Control, Clydebank

Partner: Glasgow School of Art

www.supremis.co.uk

Aerosim 3D tower training simulator

The simulator aims to improve the training of air traffic control students. Current training systems use human 'pseudo pilots' to respond to the trainee's commands; the Supremis system uses speech recognition technology entirely, so that training is not artificially skewed by inter-personal human factors. Any training exercise can be replayed to track where a trainee might have made better decisions and be rerun. The current system is a radar simulator in 2D, and the product is set to launch shortly. The 3D system developed under the SCORE project will be market ready in three to six months, and operations director John Lyden praises the SCORE programme for helping reduce time to market by a considerable margin. Both systems should enable ATC organisations to train staff more effectively and cheaply, and give much more flexibility in the design of training programmes and trainee assessments.

Supremis has been funded to date by its MD Bert Greer, the owner of Greer Aviation which provides FBO (fixed base operator) ground handling services for private and military aircraft at Edinburgh and Prestwick.

Oil Spill Training Company, Inverness

Partner: University of the West of Scotland

www.oilspilltraining.com

Oil spill training global application

Oil Spill Training was started in 2001 by a team with extensive

experience in responding to oil spills worldwide, and provides training courses, reviews, studies, exercises and other related projects in over fifty countries. The SCORE project is to create a virtual beach, so that training instructors can contaminate it with spilled oil and require trainees to survey the damage.

SMART DEVELOPMENT

Cytosystems, Aberdeen

www.cytosystems.com

Grant: £108,271

Prostate cancer - screening and diagnosis

Ingenza, Edinburgh

www.ingenza.com

Grant: £475,108

Deracemisation bioprocess

A University of Edinburgh spin-out in 2002, Ingenza was acquired in 2007 by Richmond Chemical Biosciences, a unit of Richmond Chemical Corporation, headquartered in Chicago, whose CEO is Sunil Srivastava who also co-founded Ingenza.

Hydrifact, Heriot-Watt University

www.hydrifact.com

Grant: £68,178

Hydrate inhibitor system

Bridgeall Libraries, Glasgow

www.bridgeall.com

Grant: £124,183

Innovative library sector modules

SMART FEASIBILITY

All companies below were awarded the maximum or close to the maximum grant of £70k except Ecosearch (£29k).

Flexicage, Edinburgh Napier

www.flexicage.com
Flexible component adaptation and generation environment

Rapid Quality Systems,

Dundee University Incubator
www.rapidqualitysystems.com
Datarocket software tool

Design Led Products,

Alba Centre
www.designledproducts.com
Develop 3D shaped light guide

AlbaTERN (Glenfinn Contracts), Innerleithen

www.albatern.co.uk
Wavenet 5th scale model

Mobile Acuity, Edinburgh

www.mobileacuity.com
Recognition of 3D objects

Ace Aquatec, Dingwall

www.aceaquatec.com
The total quality project

Subsea Energy (Scotland),

St Andrews
www.subsea-energy.com
Riverfish power generation device

GT Biologics, Aberdeen

www.gt-biologics.com
Discovery of a Crohn's therapy

NXVision, Dunfermline

<http://nxvision.com>
Development of a legacy set-top box sideload application

eCow, Glasgow

www.ecow.co.uk
New fabrication techniques for boluses
eCow was formed in 2007 by Toby Mottram, a chartered engineer who holds a PhD in Automatic Milking and

has been developing biosensor technologies to monitor animal health non-invasively since 1995. The eBolus is inserted by mouth to rest at the front of the rumen (the first compartment of the stomach of a ruminant). The eBolus continuously monitors the rumen pH and enables scientists and farmers to optimise the diet of cows to reduce disease and reduce methane pollution. eCow is currently seeking investment.

Objective Associates,

Stirling
www.objectiveassociates.co.uk
AI website content management

Hypernumbers, Linlithgow

<http://hypernumbers.com>
Project Michael Ventris
Hypernumbers is developing a system which will allow those with expertise in their own field but little or no knowledge of computing to develop a knowledge-based website by completing spreadsheet-style input forms. The platform technology has been developed under a previous project 'William Playfair', which won €50k funding at TechCrunch's Seedcamp in 2007, where the organisers said of the business "What hypertext did to text, they want to do to numbers". The current project covers critical aspects of the implementation, and is named after Michael Ventris, who deciphered Linear B; according to CEO Gordon Guthrie, after returning from an arduous series of pitching meetings he was watching a TV programme about Ventris for relaxation, but realised that the Linear B tablets have a combination of symbols, texts, and numbers which could serve as a model for a part of the Hypernumbers development.

Spinsight, Edinburgh

www.spinsight.co.uk
Accurate optical object tracking for the football domain with constraints on the number of cameras, camera position and processing power.

Axiopie, Edinburgh

www.axiopie.com
Smartphone-enabled system for managing biomedical inventory data.

Epistemy, Heriot-Watt University
www.epistemy.com
Quantification of uncertainty software

Solus Technologies, Edinburgh
www.solus-technologies.com
Quantum dot disk lasers

Codeplay Software, Edinburgh
www.codeplay.com
Manycore development tool

Icerobotics, Roslin
www.icerobotics.co.uk
Dairy cattle disease detection

Impact Laboratories,
Grangemouth
www.impact-labs.com
The development of low value waste streams as raw materials for fibre plastic composites.

Ecosearch (International),
Cumbernauld
[no website]
Natural protective treatment for timber derived from plant extracts

Ecosearch started in 1998 and, supported by funding from Genecom, is developing entirely natural products for health and welfare. Its most developed products are for protection against insect attack, particularly mosquitoes, and include repellents, sprays, paints and laticides. The SMART project has completed one plant growing season and will resume again next year.

Psymetrix, Edinburgh
www.psymetrix.com
Renewable connection management

Novabiotics, Aberdeen
www.novabiotics.co.uk
Development of new antibacterials

Level E, Edinburgh
www.levelimited.com
Automated investment risk control (AI-RISC) system for high-frequency financial trading

Private equity investments—last 4 months

YCF	dealdate	company	location	TOTAL '000	investors, lenders, grants	advisers
129	1-Aug-09	Lab901	Edinburgh	£2,400	ATEP, Foresight, Archangels, TRI Cap	
128	1-Aug-09	PowerPhotonic	Dalgety Bay	£325	Archangel, TRI Cap, SSF, individuals	Anderson Strathern, MBM Commercial
129	6-Aug-09	Reisswolf Scotland	Renfrew	£233	Capital Angels/SCF	Morisons LLP, MBM Commercial
132	7-Aug-09	Festival4Stars	Glasgow	£75	individuals	Wright Johnston & Mackenzie
	11-Aug-09	NiTech Solutions	East Kilbride	£200		
128	13-Aug-09	Vamosa	Glasgow	£2,120	Capital for Enterprise Fund, SCF	
129	14-Aug-09	Cloudsoft Corporation	Edinburgh	£400	Andromeda Capital Partners/ SCF	MBM Commercial
130	18-Aug-09	Green Ocean Energy	Aberdeen	£250	SSF, individuals	
	20-Aug-09	Ceres Imaging	St Andrews	n/d	M-Squared Lasers, SE, individuals, SMART	
129	25-Aug-09	J funerals	Dundee	n/d	management	DC Consulting
	28-Aug-09	Advanced Microwave Technology	Grangemouth	£250		
	28-Aug-09	NetIDme	Glasgow	£100		
130	30-Aug-09	B1 Medical	Aberdeen	£1,100	Barwell, RGU, U of Aberdeen, SHIL, Sigma Tech Mgmt	Ruegg & Co
130	1-Sep-09	Appshare	Glasgow	£180	Braveheart, SCF	
130	14-Sep-09	The Kilter Company	Glasgow	£50	Absolute Invoice Finance	
130	20-Sep-09	CIQUAL	Edinburgh	£1,250	Par Equity, SCF	
130	21-Sep-09	Aquamarine Power	Edinburgh	£10,000	n/d UK and Ireland	Noble
131	1-Oct-09	Kiltr	Hillington	£80	Par Equity, SSF	
131	5-Oct-09	Money Dashboard	Edinburgh	£1,000	Par Equity, SCF	MBM Commercial
131	8-Oct-09	Vegware	Edinburgh	n/d	Kelvin Capital	
130	20-Oct-09	PWB Health	Dumbarton	£123	Kelvin Capital	
131	1-Nov-09	Larosco	Edinburgh	£150	individuals	
132	15-Nov-09	CXR BioSciences	Dundee	£1,250	Archangels, individuals	MBM Commercial

Addressing the early stage funding gap in life sciences

Tranziger is a recently formed corporate and transaction advisory firm which offers investors and companies in the life sciences and healthcare sectors support with strategic deals such as acquisitions, divestments, equity placements, licences, and corporate partnerships.

Tranziger was started by a group of senior international corporate business professionals whose chairman, Dr Paul Gerskowitch, reports that they have a combined transaction history worth over US\$4 billion. He stresses that the firm aims to offer more than just advice on deals. Rather, Tranziger will take a 'holistic' view of a client's business, looking at potential markets and applications, and taking a 'generational' approach to product development so that each stage of development brings an appropriate product or products to market. As all members of the team have had practical executive experience at board level, they believe that their advice should be delivered in the form of key actions to be taken.

Tranziger is well aware of the funding difficulties experienced by young companies in this sector. Observing that with a research spend of £400m per year Scotland's quoted life sciences companies have a market capitalisation of only approx £600m – it

was £1.5 bn in the mid 90s - Gerskowitch argues that current commercialisation practices are failing to build the businesses which one might expect. Too many companies are being started, many of which are in effect 'project opportunities' rather than potentially strong independent businesses. Such companies each spend a large proportion of their funding on infrastructure, including staff and buildings as well as boards of (often expensive) directors. They suffer from a drip feed of funding, meaning that the executive principals spend a disproportionate amount of time on fundraising and investor relations. If they were projects rather than companies, these ventures could be subjected to 'fast fail' decisions, allowing the more promising to go forward without resources being wasted on those with poor prospects; with the vested interests involved in an incorporated business, this is less likely to happen.

Venture capital firms are indeed still investing in early stage life science companies, and by syndicating they have 'lengthened the runway' for investees, but their tendency, reinforced by syndication, is to concentrate on strong assets, which are virtually by definition later stage. This is compounded by the fact that VCs operate on a timescale between investment and exit which is usually

much shorter than the normal timescale in the life sciences sector, particularly for a therapeutic company to develop its products and secure regulatory approval.

Tranziger has started to develop a way of overcoming these issues. The firm proposes a structure in which IP can be isolated in a '*Protected Cell Company*'. The structure allows for better use of the available finance and de-risking since it is managed by highly experienced executives. These ring-fenced protected cells would create portfolios of project assets within a single legal entity. Such a structure could attract investment to both the core and the individual cells. Details of how investments could be made and realised are being finalised. However, such an approach would mean that several projects could share infrastructure, and each asset could be subject to value point filtering to the benefit of the group as a whole. The structure would also ensure that a greater percentage of funding went towards moving projects forward to a clear value inflection point. Company formation and independence would be delayed until a clear value was established.

Contact: Iain Shirlaw
0131 202 1175
www.tranziger.com

Gazelles thrive in Aberdeen

The local authority of Aberdeen City and Aberdeenshire has the highest concentration of high growth businesses in Scotland, according to research from enterprise growth specialist Winning Pitch plc. Aberdeen had the fifth highest concentration of high growth businesses of the UK's 419 local authority areas.

'Gazelles' are identified as either those businesses that have over ten employees and have grown to a turnover of £1 million within their first three years, or that already turn over £0.5 million and have grown by 20% year-on-year for the past three years. These gazelles are thought to contribute dramatically to regional economic wealth, and create 70% of jobs in any given geographical area.

The HiQ (High Growth Company Quotient) Index, a metric designed to

map the percentage of high growth businesses within each of the UK's local authority areas, has shown that gazelle companies make up 9.3% of Aberdeen City and Aberdeenshire's SMEs. West Lothian had the second highest HiQ rating in Scotland at 7.2%, trailed by Falkirk on 6.6%. The Orkney Islands and the Scottish Borders had the lowest HiQ ratings in Scotland at 1.2% and 3.0% respectively.

Winning Pitch's research also found that Scotland had an overall HiQ rating

of 5.5%, matching that of the East Midlands, and Yorkshire and Humber. Only London scored higher in the HiQ index with a rating of 7.0%.

Winning Pitch is based in Manchester and listed on the PLUS market. It provides company growth consultancy, strategy, innovation support and personal development programmes to public and private sector organisations, to help businesses realise their potential. Winning Pitch's research can also identify potential gazelles, which, through funding and business support, could become high growth businesses, increasing turnover

exponentially and creating jobs at accelerated rates.

The firm is calling for local authorities to support high growth and potential high growth businesses in their areas, to help boost the economy. Dave Thomas, head of Winning Pitch's research arm, The Observatory, said: "The lack of established gazelles in many parts of Scotland – the businesses that drive wider economic growth and prop up the job market – is a problem that local authorities must address. At present, some authorities are focusing their support on companies with little or no growth

potential, such as inexperienced start-up enterprises or larger businesses teetering on insolvency that risk mass redundancies.

"By identifying and supporting potential gazelles through specialist advice, training and grants, local authorities can allow these companies, many of which are in a raw state, to realise their commercial aptitude and boost the wider economy."

Contact: Dave Thomas
0161 918 6785
www.winning-pitch.co.uk

Connect Scotland Investment Conference

The first Investment Conference under the auspices of new organisers the GO Group was held in The Hub in Edinburgh on 5 November, and saw a range of companies from different sectors and at different stages of development, and from south of the Border as well as from Scotland, set out their case for investment. The quality, of both the propositions described and the way in which they were presented, was high and we hope the event will result in many deals which we can report in YCF. For further details, see www.connectscotland.co.uk

Affect Labs, Edinburgh

This company has developed a sentiment classification engine which can understand the emotions expressed in online conversations. It is applying this technology to a brand monitoring system which will show from analysis of the millions of online discussions every day how speakers feel towards a company's brands. Affect Labs won much attention at this year's Edinburgh Festival, for which with funding from 4iP it created FestBuzz, generating 'crowdsourced' ratings of Festival and Fringe events. The company is looking for £500k for further R&D and to launch the brand monitoring service.

Contact: Steven Renwick
07834 589834
steven@affectlabs.com

AlbaTERN, Roslin

AlbaTERN has developed a very precisely targeted wave energy device *WaveNET*, using mooring, cabling, and other technologies from the aquaculture sector. Fish farms, and other similar remote locations which currently rely on diesel generators for electricity, are a main potential market for the company. WaveNET has been designed to be easy to transport,

deploy, and maintain, and to have low visible impact. The device is inherently scalable, which allows potential users to take a low risk low cost approach, and it is intended that it should compete on price with the diesel generator alternative.

AlbaTERN has been awarded a SMART grant to complete a feasibility study, and is looking for a £500k equity investment to develop the first 10kW device to commercial readiness.

Contact: David Findlay
0131 440 9025
www.albatern.co.uk

Cellexus, Huntingdon

This company has developed a disposable bioreactor for the production of proteins for biopharmaceutical drugs. Cellexus believes that there is an unmet need for a single-use bioreactor capable of high oxygen transfer rates, to cater for today's more metabolically efficient cell lines which require more nutrients.

Contact: Robert Cumming
01480 414843
www.cellexusinc.com

Fios Genomics, Edinburgh

Fios provides statistical and bioinformatic data analysis services to clients in academia and the pharmaceutical sector who are faced with large quantities of high dimensional data generated by high-throughput biological platforms. Many such organisations lack the expertise required for meaningful interpretation of the data, or lack the computing resources required to process the vast quantities of data. Fios operates on a fee-for-service basis, and in-house software tools provide automated analysis and integration of large, complex high dimensional biological datasets allowing rapid turnaround of data. The company, which currently has sales from over 50 clients, needs £500k to grow the business and increase visibility and turnover in key markets.

Contact: Dr Gary Rubin
0131 472 4800
www.fiosgenomics.com

Formedix, Paisley

Formedix provides software and consultancy services for the design of clinical trials in the pharmaceutical industry. The company wins business

by initially selling consultancy, then pushing for software licensing deals, which it sees as the cornerstone of its business model; Formedix, whose sales are exclusively in the USA, claims 5 of the top 10 pharma companies, one top 10 biotech company, and one top 10 medical device company as repeat customers.

The company's approach is based on the use of CDISC (Clinical Data Interchange Standards Consortium) standards which it has helped to develop, and which it believes the US FDA will make compulsory soon. The business benefits of CDISC should be compelling in their own right, as Formedix quotes a Gartner report indicating that if CDISC standards were applied to all clinical trials there would be a 30%-50% process improvement, potentially saving the industry some US \$5.8-\$6.6 billion annually.

Formedix, which has been funded to date by loans, grants, and small equity infusions as well as sales revenue, needs between £750k and £1 million to develop an enterprise version of its software to generate higher revenue from existing and new customers, and expand its management and sales and marketing teams.

Contact: Mark Wheeldon
0141 561 4150
www.formedix.com

Green Ocean Energy, Aberdeen

Green Ocean Energy's Wave Treader wave energy converter is designed to be installed on either a pre-existing offshore wind turbine or a new build, which will mean that the wind farm operator will benefit from combined wind and wave energy output for little extra capital outlay. Green Ocean Energy avoids some of the issues of approvals and licences because of this. The company states that by 2020 there could be some 15,000 offshore wind turbines operating in the UK and Europe, of which Green Ocean Energy is targeting in particular the 7,000 to be installed in UK Round 3 and Scottish Territorial Waters sites. It is looking for £1.5 million investment as part of a £4 million round, the remainder expected to be covered by grants and SE co-investment, which will fund the company to mid 2011 by which time it

expects to ready for commercial sales.

Contact: Graeme Bell
01224 651051
www.greenoceanenergy.com

GT Biologics, Aberdeen

GT Biologics, a recent spinout from the Rowett Institute, has IP based on the anti-inflammatory properties of harmless gut bacteria, and is developing oral based probiotics, the first of which is for the treatment of mild to moderate Inflammatory Bowel Disease. The company is seeking £3 million to take at least one probiotic product to the stage where it is ready for market. A product for use in animals will also be developed with an animal health partner.

Contact: Dr Denise Kelly
0131 208 4013
www.gt-biologics.com

H2ology, Selkirk

H2ology is a graduate of the EPIS scheme (where it was known as Oil Remediation Technology), and has developed an Advanced Treatment Station (ATS) for decontaminating road water run-off. Responding to a change in EU regulations, the company has developed the technology further to incorporate a Treatment and Recycling Plant (TARP), which can de-water road gully and road sweepings waste, and recover the sand and aggregates leaving only 2% of the waste for landfill. The company, which has already sold a number of units to Scottish local authorities, is looking for £1 million equity to build its team and its IP, to be supplemented by a further £2 million (which could be equity, loan, or asset finance) to build the first ATS-TARP installations

Contact: Richard Palmer
01750 723630
www.h2ology.co.uk

MODE Diagnostics, Glasgow

A spin-out from the University of Glasgow in 2007, MODE DX has know-how and IP in integrated bioassays (including electrochemistry), bioelectronics and wireless technologies. It is using this expertise in the development of handheld diagnostic devices for the Over The Counter retail market, the first of which

is *bSURE*, a device for detecting and quantifying blood in stool samples as an early indicator of cancer. The company was initially funded by the IP Group, and is now looking for £1.2 million to take bSURE through development and CE marking.

Contact: Dr Paul Heaney
0141 330 8140
www.ModeDx.com

Money Dashboard, Edinburgh

We reported this company's recent £1 million investment round in our November issue.

On 9 December Money Dashboard and Yodlee Inc, the leading provider of secure and personalised online personal finance management (PFM) services in the USA, announced plans to open the Money Dashboard portal, powered by Yodlee PersonalFinance™, to all UK consumers in 1H 2010.

Contact: Gavin Littlejohn
07891 815669
www.moneydashboard.com

Process Technology Europe, Leicester

This company has had the sensible idea of combining two separate energy- and time-intensive processes in the investment casting industry into one, by the use of industrial microwave ovens. The technology involves adding materials to the wax used in making the cast so that it can be melted quickly, then using the same oven to bake the cast.

Contact: Tony Bolton
01530 321400
www.process-technology.co.uk

Solar Healthcare, Tillicoultry

This company, currently spinning out of the University of Strathclyde, is using a UV-sensitive ink which can be printed on to a wide range of substrates to develop a range of new products. The first of these is a Sun Exposure Sensor, which can be used as a stick-on patch or a wrist band, and changes colour to warn users when they have had too much sun on the skin. Unlike other patches which have attempted to do this, the Sun Exposure Sensor changes colour when first applied to indicate that it is working properly, and rather than change colour

News, comment and analysis on the young company market

gradually, which gives little warning of danger, it changes suddenly when the exposure limit has been reached. The technology allows the patch to adjust to whatever level of sun protection is being used.

Solar Healthcare, which has emerged from an SE Proof of Concept project, is looking for £950k to set up the company and take its first product to market.

Contact: Chris Hatton
01259 752822

Spinsight, Edinburgh

Spinsight provides real-time video analytics using a combination of video cameras, a processing unit, and analytics software, which can track individuals across a range of metrics including distance travelled, speed, acceleration, and fatigue. The technology lends itself to a number of sectors including sports, surveillance, and scientific analysis, but the company is focusing initially on sports, and has won a SMART award to develop a functioning prototype for its soccer application. The technology will help

coaches improve team performance, provide live 3D match animations and real-time TV graphics, and give detailed performance statistics.

The £67k SMART funding has been matched by investment from the co-founders and six business angels. Spinsight is now looking for £725k to expand product development, and aggressively push sales.

Contact: Alex McAndrew
0131 225 4744
www.spinsight.co.uk

Tayeco, Perth

Tayeco's real-time energy monitor *Ewgeco* is intended to change consumers' behavior by presenting reliable and instantly understandable information about their energy usage in a visually intuitive colour display. Tayeco claims that it has the only product on the market that can monitor all three utilities – gas, electricity, and water. It started making sales this year, and intends to exploit the opportunity presented by Government legislation on the use of integrated smart meters, to come into effect from

2012. The company, funded up to now by the founders and other individuals, is now looking for £1 million to build on existing relationships with potential customers and establish global routes to market.

Contact: Tanya Ewing
01738 447741
www.ewgeco.com

Tayside Flow Technologies, Dundee

Earlier this year TFT launched its first product, a peripheral bypass graft using its proprietary Spiral Laminar Flow technology which restores natural blood flow patterns and reduces turbulence. This is now being marketed in 15 countries.

TFT has raised over £10 million in its development to this point, and now seeks a further £2 million to develop two further products (a peripheral stent and an SFA stent graft), to be sold through the company's existing network of 30 distributors.

Contact: David Lawrence
01382 598532
www.tayflow.com

A little known fact about the EFG

In his Pre-Budget Report the Chancellor extended the Enterprise Finance Guarantee (EFG) scheme for a further year from 1 April 2010, with a budget of £500 million.

As the scheme was originally intended as a stop-gap measure to help those companies which could not otherwise provide security for a bank loan, it might be a little churlish of commentators to deplore a reduction of the £1.3 billion budget for 2009/2010 by almost two thirds. It might be, except that the EFG replaced the Small Firms Loan Guarantee scheme, which although it had its faults played a significant role in the development of many early stage high growth companies of the sort reported by YCF.

We are told that only £600 million of the £1.3 billion budget for this year has been called upon, in loans to 6,000 businesses, which in today's economic

circumstances strongly suggests that there is something wrong. In a previous article we indicated that lenders are using the scheme simply as one weapon in their armoury, using the EFG only when a loan or more likely part of a loan cannot be secured to their satisfaction. In the words of one lender, the scheme provides security for the lender, and the borrower has nothing to do with it.

This is hardly surprising, when one considers a little known fact about the EFG; the guarantee offered to lenders is subject to a lifetime portfolio limit of 9.75%. This figure is calculated as 75% of the 13% maximum default percentage permitted by the EC for government backed loan guarantee schemes operating within the EU. In effect, cautious lenders (and which is not, today?) will feel that only this 9.75% of their lending is guaranteed in each and every loan, if the judgments behind lending decisions are reasonably consistent across the board.

Capital for Enterprise, which administers the scheme, states "EFG will support up to £1.3 billion of eligible lending" – CfEL has confirmed to YCF that the Government's liability is restricted to 9.75% of this sum, or only £127 million, which hardly seems an adequate response to the difficulties which so many young companies have faced as bank lending contracted, and gives a rather different impression than the £1.3 billion trumpeted as Government relief for hard-hit SMEs.

Eunice Lancaster of DSL Business Finance in Govan, a lender under the EFG scheme who drew attention to this limitation at a presentation in a recent MBM Commercial seminar, comments "EFG is good flexible tool and has been designed so most businesses are eligible. The only downside is the level of risk that lenders now need to take, which in turn raises the level of additional security which may be sought to make the risk more reasonable."



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New angel group specialises in biopharmaceutical sector

Alida Capital International (ACI) is a new business angel syndicate of entrepreneurs whose core members have considerable international experience in the biopharmaceutical sector.

They worked together as founders of the Edinburgh based biopharmaceutical company, Bioenvision Ltd, which they transformed from a virtual start-up operation to a NASDAQ National listed biotech company in just over four years. Their success culminated in the acquisition of Bioenvision for \$345 million in 2007 by Genzyme Corporation.

They continue to work together, and have invested since the sale of Bioenvision in a number of innovative high growth companies within the biopharmaceutical sector before deciding to formalise their investment activity in the ACI syndicate.

Hugh Griffith, CEO and gatekeeper of the recently formed syndicate, says "There are many areas of medicine that urgently need new and effective treatments, or better ways of delivering established medicines. These are often overlooked initially by the large pharmaceutical companies for a variety of reasons including total market potential. However, they are ideal areas in which biotechnology companies can develop innovative, first-in-class and best-in-class products

and rapidly exploit the commercial opportunity. This gives companies the exciting opportunity to bring new therapies to market and make a real difference to the treatment of serious illnesses."

Alida Capital is looking to invest in companies which have clinical data from Proof of Concept studies, and have identified a clear regulatory strategy to marketing approval. Potential investees should have products which target areas of unmet medical need, with strong scientific and medical rationale, with patents granted or close to grant.

ACI will invest between £50k and £1 million in any one company, and expects to be able to apply the expertise of its core members to help investee companies with their product development, regulatory, and commercial strategies. The syndicate will consider co-investment with other angel syndicates for larger deals, and is a member of the LINC Scotland SCF Co-Investment Group.

The syndicate's members have strong networks throughout Scotland, and work directly with many of Scotland's leading academic, medical and developmental institutions, where a number of potential investment opportunities have already been identified. In addition, their international experience should enable the syndicate members to channel inward capital investment from outside Scotland.

Alida Capital expects to invest in one or two Scottish companies with SCF co-investment per year (and in others outside Scotland), to create a portfolio which will include some six Scottish ventures at different stages of development over a four year period. To achieve this level of investment it will be necessary for ACI to consider approximately 20 new proposals each year, of which it is envisaged up to four will be taken to detailed due diligence.

Alida Capital are currently not accepting unsolicited proposals as these could affect their capacity to fully evaluate existing opportunities. In the future, the majority of deal flow will be sourced through syndicate members, who will carry out initial screening, and through referrals from known third parties. Alida Capital is in the process of completing its first investment into a Scottish based biopharmaceutical company dedicated to the commercialisation of innovative, rationally designed medicines that meet its criteria of addressing significant unmet medical needs.

Nelson Gray, a non executive director of LINC Scotland where he chairs the good practice group, and European Business Angel of the year in 2008, will be working with Alida for an initial 12 month period acting as adviser.

Contact: Hugh Griffith
0131 248 3660
www.alidacapital.com

For details of LINC events contact:

Allison Owens 0141 221 3321

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To:

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Summary of main deals in this issue:

company	location	deal date	TOTAL '000	sector/ activity	investors, lenders, grants	advisers
CXR BioSciences	Dundee	15-Nov-09	£1,250	life sciences	Archangels, individuals	MBM Commercial
Festival4Stars	Glasgow	7-Aug-09	£75	entertainment	individuals	Wright Johnston & Mackenzie

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