



Seed and Venture Capital Programme 2000 - 2006

Report 2003

Contents

| | |
|--|-----------|
| Introduction | 2 |
| Challenging Year for Venture Capital | 3 |
| Seed & Venture Capital Programme 2000 – 2006 | |
| Summary of Investments from Commencement of Programme | 4 |
| Analysis of Investments by Stage of Development | 5 |
| Regional Breakdown of Investments | 6 |
| Sectoral Breakdown of Investments | 7 |
| Value of Investments per year | 8 |
| The Funds | 9 |
| List of Investee Companies | 17 |
| Seed & Venture Capital Measure of the Operational Programme 1994 – 1999 | |
| Overview | 20 |
| Summary of Investments from Commencement of Programme | 21 |
| Analysis of Investments by Stage of Development | 22 |
| Regional Breakdown of Investments | 24 |
| Sectoral Breakdown of Investments | 25 |
| Value of Investments per year | 26 |
| The Funds | 27 |
| List of Investee Companies | 30 |
| Seed & Venture Capital Approvals Committee | 32 |

Introduction

This 2003 Report comprises of two venture capital initiatives undertaken by Enterprise Ireland in partnership with the private sector.

- Seed and Venture Capital Programme under the National Development Plan 2000 – 2006, and
- The EU Seed and Venture Capital Measure under the Operational Programme 1994 – 1999.

Under the 2000 – 2006 Programme, Enterprise Ireland has committed €95 million to continue to develop the venture capital market for SMEs in Ireland. This Programme has committed to fifteen Funds some of whom are specifically targeted towards

- SMEs at their early stage of development
- Smaller investment amounts
- A greater regional perspective
- Sectors traditionally difficult to finance, e.g. Biotech

The EU Seed and Venture Capital Measure under the Operational Programme for Industrial Development 1994 – 1999 was set up with the objective of establishing Venture Capital Funds to provide early stage small and medium-sized enterprises in Ireland with equity capital. Fifteen separate venture capital initiatives were established under this Programme, the first of which was launched in May 1996.

All the various initiatives are independently managed by the private sector who make all decisions regarding investments.

Notes:

- 1. For reporting purposes, each tranche of money paid to a company is counted as an investment.*
- 2. Some investee companies have secured funding from more than one fund.*
- 3. Regional breakdown of data for the Seed and Venture Capital Programme is in accordance with EU regional guidelines.*
- 4. Disclaimer:*

Enterprise Ireland has endeavoured to ensure the reliability of the data included in this Report; we do not assume any responsibility for any inaccuracy in the data. Enterprise Ireland does not assume any responsibility as regards the use of the data contained in this Report by any third parties. Whilst the financial data in this Report has been subject to independent individual audits, the collective data as presented in this Report has not.

Challenging Year for Venture Capital

2003 was a challenging year, both for companies trying to raise capital and for Venture Capital Funds.

This has increased the need for organisations such as Enterprise Ireland to continue to support the early stage development of such companies. Our objective is to assist the development of these projects to a stage where they are capable of attracting adequate capital to drive full commercialisation. Enterprise Ireland continued to follow this strategy during 2003, by investing directly in companies and through Partnership Funds with the Private Sector, under the National Development Plan 2000 – 2006.

These Partnership Funds made 71 investments totalling €32.7m in 2003. This brings the total invested since 2001 to €93.8m in 55 companies.

Despite the difficult investment environment in 2003, start up and early stage companies with well researched and proven technology, backed by competent management, attracted significant funding. Start-ups attracted €12.8m (39%) and early stage companies €12.4m (38%) of the total investment.

Looking forward it is important to ensure that companies have a proposition that is 'investor' ready. Promoters need to develop their propositions from the perspective of a potential investor – why would someone want to invest in this company? Has the team access to the skills to deliver on the objectives in the business plan? Is there a potential market? Can it be accessed? Is it sustainable?

Market conditions are improving for technology companies. While raising capital will continue to be challenging, there are clear signs that Venture Capitalists are keen to invest in new projects and are more positive about their existing portfolios.

The view among VCs is that the time is right to increase the level of investment again. There are substantial funds available both in Ireland and overseas for the right projects. I am confident, that as technology markets continue to recover, the investment community appetite for investment will increase. I look forward to the continuation of the important role of the Partnership Funds with Enterprise Ireland in this revival.



Frank Ryan

Chief Executive Officer



Investments for year 2003 and Cumulative from Commencement of Programme to December 2003

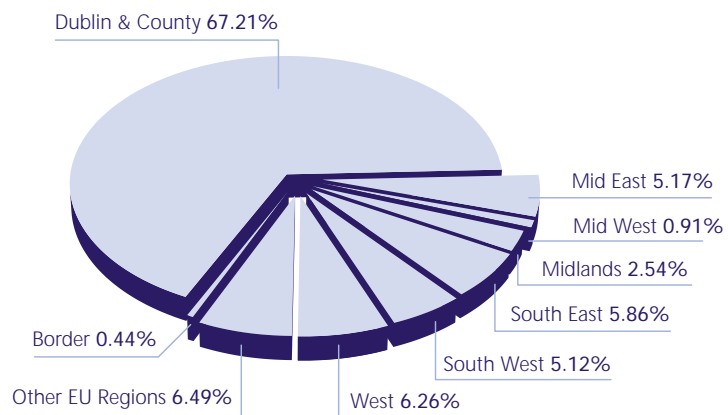
| NAME OF FUND | FUND SIZE | NUMBER OF INVESTMENTS 2003 | TOTAL INVESTED 2003 | NUMBER OF INVESTMENTS 2001 - 2003 | TOTAL INVESTED 2001 - 2003 |
|--|-----------------|----------------------------|---------------------|-----------------------------------|----------------------------|
| | Value €'000s | | Value €'000s | | Value €'000s |
| AIB Equity Fund 2002 | 12,700 | - | - | 2 | 750 |
| Bank of Ireland Kernel Capital Partners Private Equity Fund | 19,050 | 2 | 764 | 2 | 764 |
| BOI Venture Capital Ltd | 19,000 | 5 | 1,327 | 9 | 5,244 |
| Delta Equity Fund II Limited Partnership | 90,000 | 17 | 7,445 | 51 | 25,005 |
| Enterprise Equity Investment Fund Ltd | 9,000 | 3 | 1,075 | 6 | 2,363 |
| Enterprise Equity Seed Capital Investment Fund | 7,000 | - | - | - | - |
| European BioScience Fund 1 | 12,700 | 8 | 2,020 | 8 | 2,020 |
| EVP Early Stage Technology Fund | 5,000 | 2 | 1,000 | 2 | 1,000 |
| ICC Regional Venture Capital Fund | 7,620 | 7 | 5,280 | 9 | 6,530 |
| Irish BioScience Venture Capital Fund (Seroba BioVentures) | 20,000 | 3 | 1,517 | 3 | 1,517 |
| Mentor Capital Partners Limited Partnership | 16,500 | 8 | 2,421 | 8 | 2,421 |
| The Guinness Ireland Ulster Bank Equity Fund Limited Partnership | 19,000 | 6 | 1,673 | 18 | 6,758 |
| The HotOrigin Fund 1 | 2,300 | 1 | 350 | 1 | 350 |
| Trinity Venture Fund 2 | 138,700 | 8 | 7,348 | 21 | 38,592 |
| 4th Level Ventures University Seed Fund Limited Partnership | 20,000 | 1 | 500 | 1 | 500 |
| Total | 398,570 | 71 | 32,720 | 141 | 93,814 |

Analysis of Investments by Stage of Development to December 2003

| NAME OF FUND | SEED | EARLY STAGE | DEVELOPMENT | TOTAL |
|--|---------------|---------------|---------------|---------------|
| AIB Equity Fund 2002 | - | 2 | - | 2 |
| Bank of Ireland Kernel Capital Partners Private Equity Fund | - | 2 | - | 2 |
| BOI Venture Capital Ltd | 2 | 6 | 1 | 9 |
| Delta Equity Fund II Limited Partnership | 35 | 16 | - | 51 |
| Enterprise Equity Investment Fund Ltd | 3 | 2 | 1 | 6 |
| Enterprise Equity Seed Capital Investment Fund | - | - | - | - |
| European BioScience Fund 1 | 8 | - | - | 8 |
| EVP Early Stage Technology Fund | 2 | - | - | 2 |
| ICC Regional Venture Capital Fund | 3 | 3 | 3 | 9 |
| Irish BioScience Venture Capital Fund (Seroba BioVentures) | 3 | - | - | 3 |
| Mentor Capital Partners Limited Partnership | 1 | 7 | - | 8 |
| The Guinness Ireland Ulster Bank Equity Fund Limited Partnership | 6 | 10 | 2 | 18 |
| The HotOrigin Fund 1 | 1 | - | - | 1 |
| Trinity Venture Fund 2 | 3 | 14 | 4 | 21 |
| 4th Level Ventures University Seed Fund Limited Partnership | - | 1 | - | 1 |
| Total | 67 | 63 | 11 | 141 |
| Total ('000s) | 30,132 | 42,171 | 21,511 | 93,814 |
| % of Total (by Number) | 47.52% | 44.68% | 7.80% | 100% |
| % of Total (by Value) | 32.12% | 44.95% | 22.93% | 100% |

Regional Breakdown of Investments to December 2003

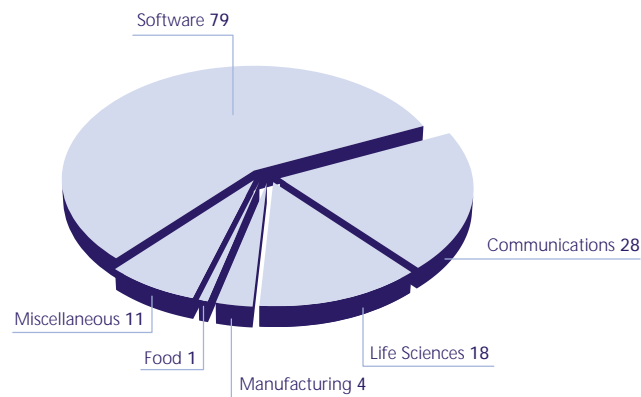
| REGION | NUMBER OF INVESTMENTS | TOTAL INVESTED Value €'000s | % OF TOTAL INVESTED |
|------------------|-----------------------|-----------------------------------|---------------------|
| Border | 1 | 413 | 0.44% |
| Dublin & County | 87 | 63,055 | 67.21% |
| Mid East | 9 | 4,849 | 5.17% |
| Mid West | 2 | 850 | 0.91% |
| Midlands | 3 | 2,385 | 2.54% |
| South East | 8 | 5,495 | 5.86% |
| South West | 10 | 4,804 | 5.12% |
| West | 10 | 5,873 | 6.26% |
| Other EU Regions | 11 | 6,090 | 6.49% |
| Total | 141 | 93,814 | 100% |



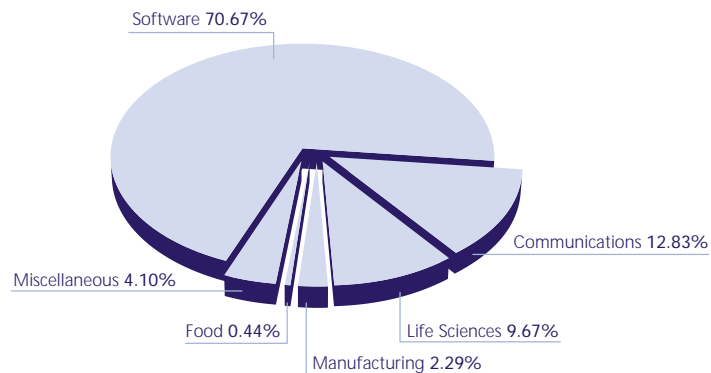
Sectoral Breakdown of Investments to December 2003

| SECTOR | NUMBER OF INVESTMENTS | TOTAL INVESTED Value € '000s | % OF TOTAL INVESTED |
|----------------|-----------------------|------------------------------------|---------------------|
| Software | 79 | 66,307 | 70.67% |
| Communications | 28 | 12,035 | 12.83% |
| Life Sciences | 18 | 9,068 | 9.67% |
| Manufacturing | 4 | 2,144 | 2.29% |
| Food | 1 | 413 | 0.44% |
| Miscellaneous | 11 | 3,847 | 4.10% |
| Total | 141 | 93,814 | 100% |

Number of Investments to December 2003

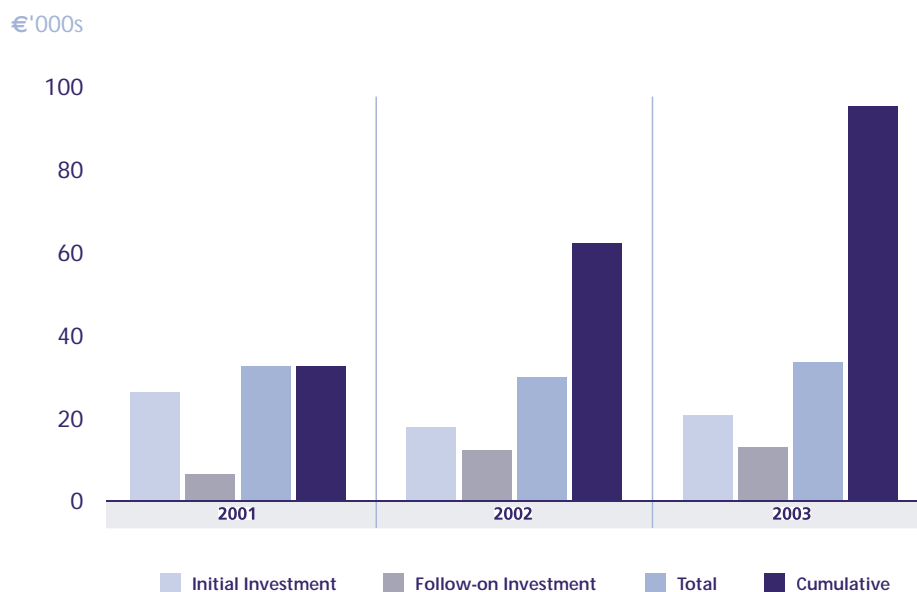


Sectoral Breakdown of Investments to December 2003 (by value)



Value of Investments Per Year from Commencement to December 2003

| YEAR | INITIAL INVESTMENT | | FOLLOW-ON INVESTMENTS | | TOTAL | | CUMULATIVE |
|--------------|--------------------|-----------------|-----------------------|-----------------|-----------------|-------------|-----------------|
| | Number | Value €'000s | Number | Value €'000s | Value €'000s | % | Value €'000s |
| 2001 | 19 | 25,648 | 9 | 6,157 | 31,805 | 33.90% | 31,805 |
| 2002 | 16 | 17,403 | 26 | 11,886 | 29,289 | 31.22% | 61,094 |
| 2003 | 33 | 20,146 | 38 | 12,574 | 32,720 | 34.88% | 93,814 |
| Total | 68 | 63,197 | 73 | 30,617 | 93,814 | 100% | |



AIB Equity Fund 2002

AIB Equity Fund 2002 is a €12.7 million Fund that invests primarily in the domestic technology sector and endeavours to invest at least 50% of the Fund in companies operating outside Dublin. Investee companies should have clear growth potential and credible management. Investment is usually in the €100,000 - €1,300,000 range.

The Fund is the second of its kind managed by AIB.

| | |
|---------------------|---|
| Fund Size | €12.7 million |
| Fund Manager | AIB Equity |
| Contact | Jim Pender (+353 (0)1 641 7890) Laurence Endersen (+353 (0)1 641 8816) |
| | AIB International Centre IFSC Dublin 1 |
| Tel | +353 (0)1 641 7993 |
| Fax | +353 (0)1 829 0269 |
| E-mail | Laurence.c.endersen@aib.ie |
| Web | www.aibequity.com |

Bank of Ireland Kernel Capital Partners Private Equity Fund

This €19 million Fund, regionally based, has an investment policy to invest in Irish Companies, with a primary focus on technology and life sciences, at an early stage in their business development. Investments are in the range of €250,000 – €2,500,000.

| | |
|---------------------|--|
| Fund Size | €19 million |
| Fund Manager | Kernel Management Partners Ltd |
| Contact | Niall Olden |
| | National Software Centre Mahon Cork |
| Tel | +353 (0)21 230 7177 |
| Fax | +353 (0)21 230 7178 |
| E-mail | niall.olden@kernelcapital.ie |
| Web | www.kernelcapital.ie |

BOI Venture Capital Ltd

BOI Venture Capital Limited is a €19 million Fund targeting high growth manufacturing and Information, Communications and Technology (ICT) based business throughout the regions of Ireland. The Fund headquarters is based in Dublin but the Fund maintains a presence through its network of regional offices. Investment is usually in the €350,000 - €2,000,000 range.

| | |
|---------------------|--|
| Fund Size | €19 million |
| Fund Manager | BOI Venture Capital Ltd |
| Contact | Brendan Vaughan 40 Mespil Road Dublin 4 |
| Tel | +353 (0)1 665 3453 |
| Fax | +353 (0)1 665 3484 |
| E-mail | Brendan.Vaughan@boimail.com |
| Contact | Margaret Broderick |
| Tel | +353 (0)1 665 3442 |
| Fax | +353 (0)1 665 3484 |
| E-mail | Margaret.Broderick@boimail.com |
| Web | www.boi.ie/venturecapital |

Delta Equity Fund II Limited Partnership

Delta Partners, the early stage technology venture capital firm based in Dublin, has closed its third fund, Delta Equity Fund II Limited Partnership at €90 million.

To date, the majority of investments from Delta Equity Fund II have focused on start-up and early stage technology investments in communications technologies, software and life sciences. Delta Partners is often the first institutional investor in a company, typically investing €500,000 – €3,000,000 and taking a minority shareholding. Delta leads nearly all of its investments, bringing other leading international investors on board where needed.

| | |
|---------------------|--|
| Fund Size | €90 million |
| Fund Manager | Delta Partners |
| Contact | Dermot Berkery Fujitsu Building South County Business Park Leopardstown Dublin 18 |
| Tel | +353 (0)1 294 0870 |
| Fax | +353 (0)1 294 0877 |
| E-mail | venture@delta.ie |
| Web | www.delta.ie |

Enterprise Equity Investment Fund Ltd

Enterprise Equity Investment Fund Ltd is a €9 million Fund seeking to invest €500,000 plus in early stage start-ups in the manufacturing, Information, Communications and Technology (ICT) sectors that show the capacity to grow significantly in the future. The focus of the Fund is the West and Border Counties. The Fund's head office is in Dundalk and an office in Galway has been opened to manage this regional Fund.

| | |
|---------------------|---|
| Fund Size | €9 million |
| Fund Manager | Enterprise Equity (Irl) Ltd |
| Contact | Conor O'Connor/Rory Hynes Dublin Road Dundalk Co Louth |
| Tel | +353 (0)42 93 33167 |
| Fax | +353 (0)42 93 34857 |
| E-mail | rory@enterpriseequity.ie |
| Web | www.enterpriseequity.ie |

Enterprise Equity Seed Capital Investment Fund

Enterprise Equity Seed Capital Investment Fund provides seed funding for all sectors in the BMW region with the exception of property, retail and hotels. Typically investments will be in the €150,000 - €500,000 range. Enterprise Equity intends to provide mentoring and coaching advisers to investee companies.

| | |
|---------------------|---|
| Fund Size | €7 million |
| Fund Manager | Enterprise Equity (Irl) Ltd |
| Contact | Eric Reed Mervue Business Park Tuam Road, Galway |
| Tel | +353 (0)91 764 614 |
| Fax | +353 (0)91 764 615 |
| E-mail | eric@enterpriseequity.ie |
| Web | www.enterpriseequity.ie |

European BioScience Fund I

The European BioScience Fund I, managed by Growcorp (founded 2001), invests in seed and early stage opportunities in the bioscience sector. The Fund Manager, together with the Fund's international strategic partners, works closely with the management of their investees to drive successful development from within. The Fund's preferred investment range is from €100,000 - €1,300,000.

| | |
|---------------------|---|
| Fund Size | €12.7 million |
| Fund Manager | Growcorp Group Limited |
| Contact | Michael Donnelly 3015 Lake Drive City West Campus Dublin 24 |
| Tel | +353 (0)1 466 1000 |
| Fax | +353 (0)1 466 1002 |
| E-mail | grow@growcorp.net |
| Web | www.growcorp.net |

EVP Early Stage Technology Fund

The EVP Early Stage Technology Fund invests in early stage High Potential Start-up (HPSU) companies in the Information, Communications and Technology (ICT) Sector.

EVP provides equity finance and "hands-on" experience to HPSU companies and this is a fundamental principle underlining its investments. Investment is usually in the €300,000 - €700,000 range with larger investment possible through co-investment with other Funds.

| | |
|---------------------|---|
| Fund Size | €5 million |
| Fund Manager | EVP General Partner Limited |
| Contact | Gerry Jones Arena House Arena Road Sandyford Industrial Estate Dublin 18 |
| Tel | +353 (0)1 213 0711 |
| Tel – Direct | +353 (0)1 663 9206 |
| Fax | +353 (0)1 663 9207 |
| E-mail | Gerry.jones@evp.ie |
| Web | www.evp.ie |

ICC Regional Venture Capital Fund

The ICC Regional Venture Capital Fund is targeted at companies with high growth potential operating within Ireland. The Fund has a focus on seed, early stage and developing companies and makes investments primarily in the €500,000 - €1,000,000 range. The Fund is an active investor and works with companies at board level to assist them develop their potential.

| | |
|---------------------|---|
| Fund Size | €7.62 million |
| Fund Manager | ICC Regional Venture Capital |
| Contact | Joe Concannon 72 – 74 Harcourt Street Dublin 2 |
| Tel | +353 (0)1 415 5555 |
| Fax | +353 (0)1 408 3516 |
| E-mail | jconcannon@icc.ie |
| Web | www.iccvc.ie |

Irish BioScience Venture Capital Fund (Seroba BioVentures)

The Irish BioScience Venture Capital Fund invests in seed and early-stage projects, in the biotechnology, pharmaceutical and medical fields, emerging from leading research institutes, universities, research hospitals and from existing companies. In particular, it focuses on the areas of therapeutics, medical devices and diagnostics as well as new enabling technology platforms. Investment is usually in the €200,000 - €2,000,000 range.

| | |
|---------------------|--|
| Fund Size | €20 million + |
| Fund Manager | Seroba BioVentures |
| Contact | Peter Sandys Alma House Alma Place Monkstown Co. Dublin |
| Tel | +353 (0)1 214 0400 |
| Fax | +353 (0)1 214 0432 |
| E-mail | info@seroba.ie |
| Web | www.seroba.ie |

Mentor Capital Partners Limited Partnership

Mentor Capital provides funding to companies who possess core, enabling technology with potential for significant impact on global markets. Mentor Capital seeks to capitalise on opportunities where there is deep technological know-how. Specific sectors of interest include Information and Communications Technologies, semi-conductors and software with enabling functionality. Investments are typically in the €500,000 - €1,500,000 range.

Mentor Capital differentiates itself by the quality and level of mentoring provided to its investee companies.

| | |
|---------------------|--|
| Fund Size | €16.5 million |
| Fund Manager | Mentor Capital Partners Limited Partnership |
| Contact | Mark Horgan Mentor Capital Mentec House Pottery Road Dun Laoghaire Co. Dublin |
| Tel | +353 (0)1 205 9716 |
| Fax | +353 (0)1 205 9889 |
| E-mail | info@mentorcapital.ie |
| Web | www.mentorcapital.ie |

The Guinness Ireland Ulster Bank Equity Fund Limited Partnership

The Guinness Ireland Ulster Bank Equity Fund Limited Partnership is a €19 million Fund set up in 2001. It is a follow-on Fund to the Guinness Ulster Bank Equity Fund Limited Partnership Fund set up in 1997. The European Investment Fund (EIF) is an investor in this Fund. The Fund investment range is €125,000 - €1,250,000 in general sectors.

| | |
|------------------|---|
| Fund Size | €19 million |
| Manager | NCB Ventures Ltd |
| Contact | Michael Murphy / Patrick Claffey 3 George's Dock IFSC Dublin 1 |
| Tel | +353 (0)1 611 5942 |
| Fax | +353 (0)1 611 5987 |
| E-mail | Michael.Murphy@ncb.ie Patrick.Claffey@ncb.ie |
| Web | www.ncbdirect.com |

The HotOrigin Fund I

The HotOrigin Fund I invests at the seed and early stage in technology companies including software, hardware and bio-informatics and represents the second fund under management by the team. The team facilitates the growth of start-up software companies by providing deep, hands-on expertise along with the financing necessary to support product development and initial sales. Investments are in the range of €100,000 - €300,000.

| | |
|---------------------|---|
| Fund Size | €2.3 million |
| Fund Manager | Tennal Investments Ltd |
| Contact | David Dalton / Caroline Wardle |
| | HotOrigin Ltd 64 Lower Mount Street Dublin 2 |
| Tel | +353 (0)1 678 8480 |
| Fax | +353 (0)1 678 8477 |
| E-mail | ventures@hotorigin.com |
| Web | www.hotorigin.com |

Trinity Venture Fund 2

Trinity Venture Capital provides equity capital for early stage and expanding private technology companies in Ireland. Established in 1997, it currently has over €160 million under management in Trinity Fund I and Trinity Fund 2. Trinity primarily seeks software product companies, with their own intellectual property, selling into the corporate market place. Investments are in the range of €1,000,000 – €6,000,000.

| | |
|------------------|---|
| Fund Size | €138.7 million |
| Manager | Trinity Venture Capital |
| Contact | John Tracey (CEO) Gavin Bourke (Associate) |
| | Beech House Beech Hill Office Campus Clonskeagh Dublin 6 |
| Tel | +353 (0)1 205 7700 |
| Fax | +353 (0)1 205 7701 |
| E-mail | info@tvc.com |
| Web | www.tvc.com |

4th Level Ventures University Seed Fund Limited Partnership

4th Level Ventures University Seed Fund was established to commercialise the business opportunities that arise from university research. Investees are high potential businesses in the seed or early stage of their development arising out of research in Irish third level educational institutions. The Fund is active in stimulating entrepreneurial activity on campus, identifying commercialisation opportunities and accelerating the development in start-up companies. The Fund invests in the life sciences, material sciences, technology and Information, Communications and Technology (ICT) sectors. Investments are in the range €75,000 – €500,000.

| | |
|------------------|--|
| Fund Size | €20 million |
| Manager | 4th Level Ventures Ltd |
| Contact | Ronan Reid / Pat Duggan Dolmen House 4 Earlsfort Terrace Dublin 2 |
| Tel | +353 (0)1 633 3843 |
| Fax | +353 (0)1 633 3899 |
| E-mail | ronan.reid@4thlevelventures.ie pat.duggan@4thlevelventures.ie |
| Web | www.4thlevelventures.ie |

List of Investee Companies

| | |
|--|--|
| AEP Systems Ltd | Security & acceleration hardware products |
| AePONA Group Ltd | Standards based telecommunications middleware software |
| A.E.S. Ltd | Waste management solutions for household and commercial waste |
| Aimware Ltd | Team collaborative software |
| Aircraft Management Technologies Ltd | ASP maintenance operation solutions provider to the aviation industry |
| Alatto Technologies Ltd | Telecoms software & services |
| Allegro Technologies Ltd t/a Deerac Fluidics Technologies | A nanotechnology company developing innovative technologies for dispensing minute droplets of liquid |
| Alimentary Health Ltd | Biotechnology development of medical products |
| Altamedius Ltd (formerly Artic Web) | Involved in the development and sale of a secure payment technology platform for both electronic and mobile transactions |
| Bio-Medical Research Ltd | Personal care & medical products market |
| Bocom International Ltd | Provides content and advertising via large plasma screens located in retail and other premises |
| Changing Worlds Ltd | Personalisation software |
| Duolog Holdings Ltd | Silicon design & software services |
| eBizz Consulting plc | Systems integration consulting company addressing the demand for highly skilled business professionals |
| Eclipse Clinical Technologies Ltd | e-process contract research organisation |
| Farran Technology Ltd | Designs and manufactures a wide range of millimetre-wave components and sub-systems. |
| Firecomms Ltd | Photonics company developing optical data transmission |
| Flurocap Ltd | Development of biochip for biotech & life science industries |
| FMC Tech Ltd | Monitoring of mid-voltage distribution networks remotely for electricity utilities. |
| Gas Sensor Solutions Ltd | Innovative gas sensor technologies |
| Headway Software Ltd | Sells source code visualisation tools for Java and C++ developers which simplifies the management of software development |
| HomeNet Communications Ltd | Provider of video streaming solutions for wireless and telecom networks |
| It's TV Ltd | Licence application to operate wireless digital terrestrial services (multi-channel TV, broadband internet and voice) in Ireland |
| Jackie Skelly Fitness Ltd | Fitness centres |
| Kadius Systems Ltd | Web content management software vendor |
| LeT Systems Ltd | Network management software for electrical utilities |
| Magnetic Solutions Ltd | Tool and process vendor to the semi-conductor and disk drive industries |

| | |
|--|--|
| Medicom Ltd | Practice management systems for medical consultants |
| Mid Media Ltd | Regional newspaper |
| m-spatial Ltd | Personal navigation using mobile devices |
| Nanocomms Ltd | Supplier of integrated polymer enabled products |
| Neoss Ltd | Designs and manufactures dental implants |
| nEUtekBio Ltd | Medical diagnostic and therapeutic company |
| Norkom Technologies plc | Analytical applications software |
| OpenMind Networks Ltd | Wireless messaging products |
| Optical Metrology Holdings Ltd | Optical metrology solutions |
| Pharmatrin Ltd | Biotech involved in the development of novel synthetic compounds |
| Phonecard Warehouse Ltd | Electronic vending of prepaid mobile airtime |
| Polarlake Ltd | Development and sale of XML tools for Java developers |
| Prime Carrier Ltd | Rate/route management, least cost routing and automatic update of telecoms switches for route changes |
| PXIT Ltd (formerly Tsunami Photonics Ltd) | Development and sale of software to characterise and control laser transmitters for optical telecommunications networks |
| Qumas Ltd | Compliance software for regulated industries |
| Rococo Software Ltd | Wireless networking software |
| Sepro Telecom Int. Ltd (Divested 2003) | Rating and billing software for the telecommunications industry |
| Shenick Network Systems Ltd | Telecommunications test equipment |
| Similarity Vector Technologies (Sivtech) Ltd t/a Similarity Systems | Provider of data quality software products and professional services, primarily for the data management sector |
| Steeltrace Ltd | Software engineering tools |
| Surfkitchen Inc. (formerly Calaba) | Development and sale of operating system platforms and applications to organisations active in the main market portal business |
| Swift Fine Foods Ltd | Manufacture of meals in volume for catering using a sous vide type manufacturing process |
| Telecommunications and Computer Services Ireland Ltd (TCSI) | Computer network solutions to corporate customers and web based telephony services |
| Telekinesys Research Ltd t/a Havok | Computer games and animation software |
| Two Ten Health Ltd | Administration and clinical management systems for use in dental schools and hospitals |
| Valista Ltd (formerly Network365 Ltd) | Mobile payment infrastructure |
| Voxsurf Ltd | Sale and development of a software platform allowing access to internet content using multiple interfaces (voice, WML, HTML) |
| 2PM Technologies Ltd | Telecom technology |



Seed and Venture Capital Measure of the Operational Programme 1994 - 1999

Seed and Venture Capital Measure of the Operational Programme 1994 - 1999

Overview

The EU Seed and Venture Capital Measure, under the Operational Programme for Industrial Development 1994 – 1999, was set up with the objective of establishing Venture Capital Funds to provide early stage, small and medium-sized growth oriented enterprises in Ireland with equity capital. Fifteen venture capital initiatives were established under this Programme. The first Fund was launched in May 1996. This was followed by two other Funds in 1996, six in 1997, four in 1998 and three in 1999, bringing the total number of Funds set up to sixteen, fifteen of which had made investments at the end of 2003. (Clona Food Venture Fund did not make any investments and was wound up).

Under the Programme €43.9 million was allocated and this, together with private sector commitments, resulted in €119 million being invested in 130 companies to date.

The performance of the various Funds established under this Programme is set out in the following pages.

Highlights

- €119,145 million was invested in 130 companies
- 44% of the funds were invested in early stage companies
- Investment in regionally located projects outside Dublin totalled €34 million (29%)
- 71% of the total invested was in software related projects

Enterprise Ireland has overall responsibility for the management of the Measure but all investment decisions were made by the private sector VC Fund Managers. Most of these Funds are now closed for new investment but continue to be managed to achieve exits.

Note A: First Step has not been included in the various tables/charts as it makes a large number of very small investments in micro-enterprises throughout the country.

Note B: This programme was co-financed by the European Regional Development Fund (ERDF).

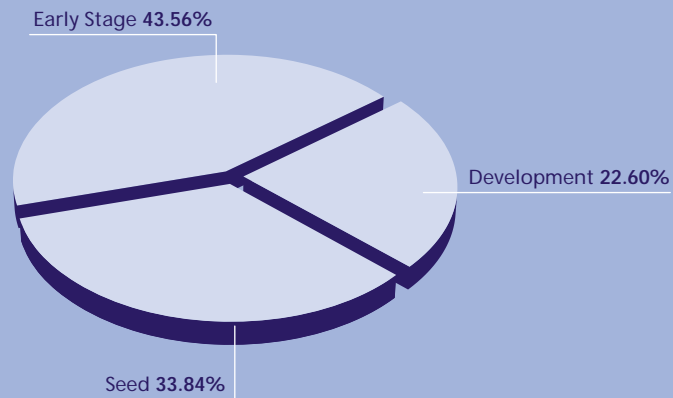
Summary of Investments from Commencement of Programme to end December 2003

| NAME OF FUND | FUND SIZE | NUMBER OF INVESTMENTS 1996-2003 | TOTAL INVESTED 1996-2003 |
|---|-----------------|---------------------------------------|--------------------------------|
| | Value €'000s | | Value €'000s |
| ACT Enterprise Limited Partnership | 19,046 | 42 | 14,180 |
| Alliance Investment Capital Fund | 9,523 | 13 | 7,804 |
| Glanbia Investment Fund Ltd | 6,349 | 13 | 3,146 |
| Bank of Ireland Entrepreneurs Fund Limited Partnership | 12,697 | 60 | 10,308 |
| Campus Companies Venture Capital Fund Limited Partnership | 7,618 | 33 | 3,905 |
| Dublin Seed Capital Fund Ltd | 7,618 | 28 | 2,827 |
| eircom enterprise fund ltd | 2,539 | 17 | 2,284 |
| The Guinness Ulster Bank Equity Fund Limited Partnership | 7,618 | 28 | 6,355 |
| Irish BICs Seed Capital Fund Ltd | 1,905 | 8 | 914 |
| The ICC Software Fund Limited Partnership (1) | 12,697 | 18 | 13,729 |
| The ICC Software Fund Limited Partnership (2) | 30,558 | 35 | 30,484 |
| Millennium Entrepreneur Fund Ltd | 1,524 | 11 | 1,021 |
| Shannon Ventures Ltd | 254 | 3 | 77 |
| Smurfit Venture Investments Ltd | 3,809 | 15 | 3,036 |
| Trinity Venture Fund 1 | 24,125 | 59 | 19,075 |
| Total | 147,880 | 383 | 119,145 |
| First Step (Note A) | | 741 | 4,460 |

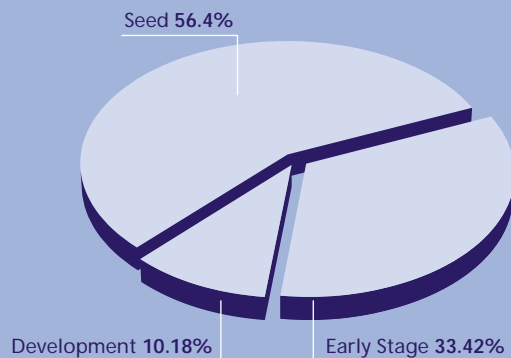
Analysis of Investments 1996 - 2003 by Stage of Development

| NAME OF FUND | SEED | EARLY STAGE | DEVELOPMENT | TOTAL |
|---|---------------|---------------|---------------|----------------|
| ACT Enterprise Limited Partnership | 14 | 14 | 14 | 42 |
| Alliance Investment Capital Fund | 7 | 5 | 1 | 13 |
| Glanbia Investment Fund Ltd | 6 | 6 | 1 | 13 |
| Bank of Ireland Entrepreneurs Fund Limited Partnership | 48 | 12 | 0 | 60 |
| Campus Companies Venture Capital Fund Limited Partnership | 23 | 10 | 0 | 33 |
| Dublin Seed Capital Fund Ltd | 20 | 8 | 0 | 28 |
| eircom enterprise fund ltd | 8 | 9 | 0 | 17 |
| The Guinness Ulster Bank Equity Fund Limited Partnership | 21 | 7 | 0 | 28 |
| Irish BICs Seed Capital Fund Ltd | 4 | 4 | 0 | 8 |
| The ICC Software Fund Limited Partnership (1) | 3 | 9 | 6 | 18 |
| The ICC Software Fund Limited Partnership (2) | 9 | 10 | 16 | 35 |
| Millennium Entrepreneur Fund Ltd | 11 | 0 | 0 | 11 |
| Shannon Ventures Ltd | 3 | 0 | 0 | 3 |
| Smurfit Venture Investments Ltd | 2 | 12 | 1 | 15 |
| Trinity Venture Fund 1 | 37 | 22 | 0 | 59 |
| Total | 216 | 128 | 39 | 383 |
| Total (€'000s) | 40,322 | 51,900 | 26,923 | 119,145 |
| % of Total (by Number) | 56.40% | 33.42% | 10.18% | 100% |
| % of Total (by Value) | 33.84% | 43.56% | 22.60% | 100% |

Analysis of Investments 1996 - 2003 by Stage of Development % of Total (by value)

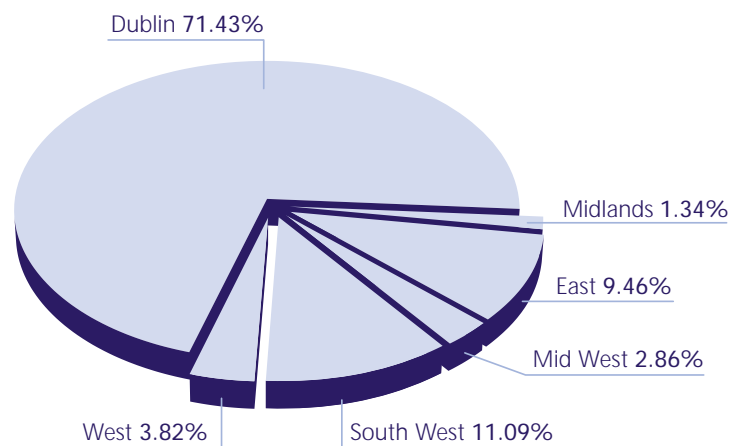


Analysis of Investments 1996 - 2003 by Stage of Development % of Total (by number)



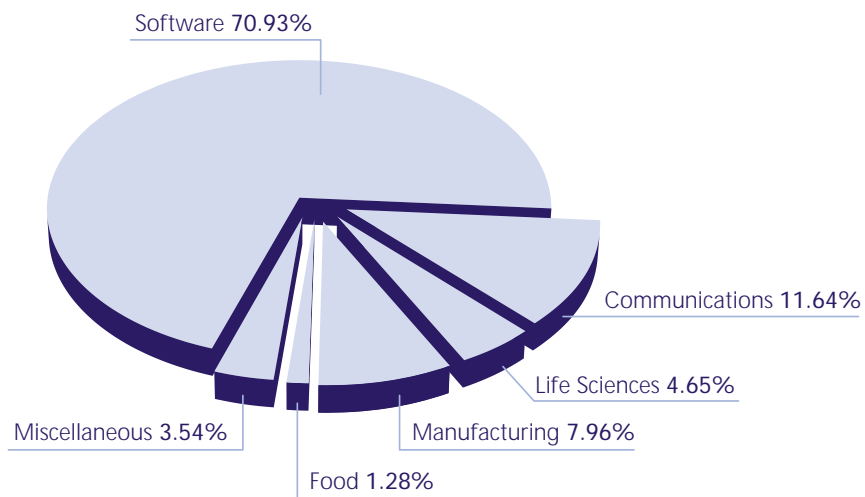
Regional Breakdown of Investments 1996 - 2003

| REGION | NUMBER OF INVESTMENTS | TOTAL INVESTED Value €'000s | % OF TOTAL INVESTED |
|-----------------------|-----------------------|-----------------------------------|---------------------|
| Dublin | 255 | 85,103 | 71.43% |
| Midlands | 10 | 1,600 | 1.34% |
| East | 41 | 11,272 | 9.46% |
| Mid West | 19 | 3,404 | 2.86% |
| South West | 38 | 13,218 | 11.09% |
| West | 20 | 4,548 | 3.82% |
| Total (Note B) | 383 | 119,145 | 100% |



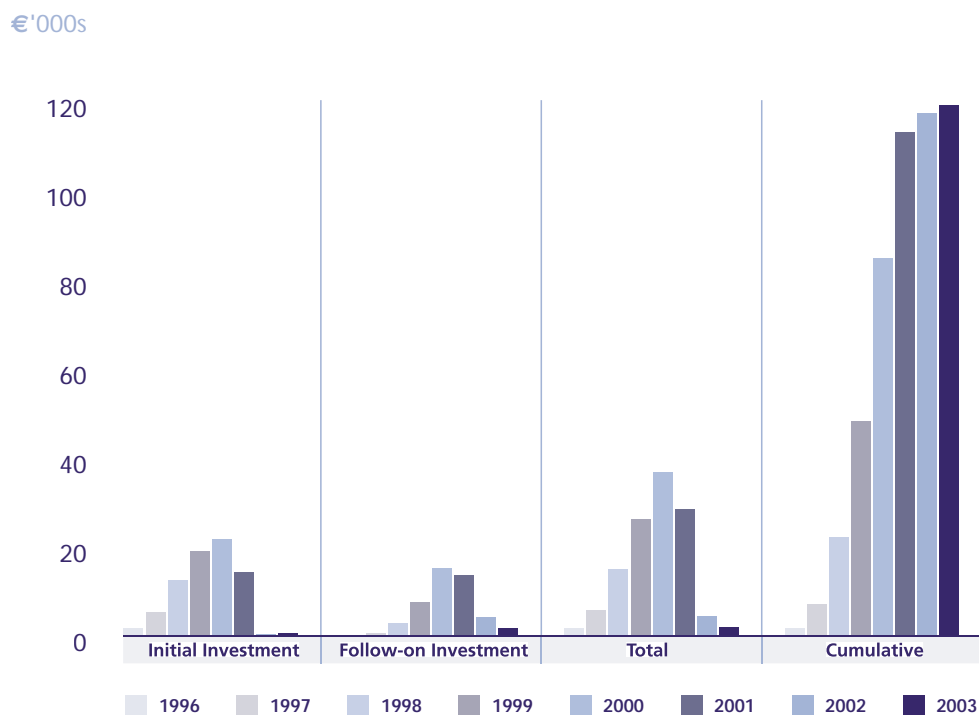
Sectoral Breakdown of Investments 1996 - 2003

| SECTOR | NUMBER OF INVESTMENTS | AMOUNT INVESTED Value €'000s | % OF TOTAL INVESTED |
|----------------|-----------------------|------------------------------------|---------------------|
| Software | 202 | 84,507 | 70.93% |
| Communications | 63 | 13,868 | 11.64% |
| Life Sciences | 52 | 5,539 | 4.65% |
| Manufacturing | 48 | 9,492 | 7.96% |
| Food | 6 | 1,524 | 1.28% |
| Miscellaneous | 12 | 4,215 | 3.54% |
| Total | 383 | 119,145 | 100% |



Value of Investments Per Year from Commencement to December 2003

| YEAR | INITIAL INVESTMENT | | FOLLOW-ON INVESTMENTS | | TOTAL | | CUMULATIVE |
|--------------|--------------------|-----------------|-----------------------|-----------------|-----------------|-------------|-----------------|
| | Number | Value €'000s | Number | Value €'000s | Value €'000s | % | Value €'000s |
| 1996 | 1 | 1,524 | 0 | - | 1,524 | 1.28% | 1,524 |
| 1997 | 12 | 5,134 | 1 | 0,381 | 5,515 | 4.63% | 7,039 |
| 1998 | 30 | 12,293 | 8 | 2,644 | 14,937 | 12.54% | 21,976 |
| 1999 | 39 | 18,794 | 31 | 7,379 | 26,173 | 21.96% | 48,149 |
| 2000 | 44 | 21,530 | 49 | 15,152 | 36,682 | 30.79% | 84,831 |
| 2001 | 28 | 14,725 | 55 | 13,545 | 28,270 | 23.73% | 113,101 |
| 2002 | 4 | 0,163 | 43 | 3,990 | 4,153 | 3.48% | 117,254 |
| 2003 | 5 | 0,353 | 33 | 1,538 | 1,891 | 1.59% | 119,145 |
| Total | 163 | 74,516 | 220 | 44,629 | 119,145 | 100% | |



Funds established under the Seed & Venture Capital Measure of the Operational Programme 1994 - 1999

The following Funds are open for new investment:

Dublin Seed Capital Fund Ltd

Alex Hobbs / Sinead Keogh

Dublin Business Innovation Centre

The Tower, TCD Enterprise Centre

Pearse Street

Dublin 2

Tel: +353 (0)1 671 3045

Fax: +353 (0)1 671 3330

E-mail: dscf@dbic.ie

Web: www.dbic.ie

Glanbia Investment Fund Ltd

Joe Doddy

Deal Management Ltd

74 Pembroke Road

Ballsbridge

Dublin 4

Tel: +353 (0)1 660 9313

Fax: +353 (0)1 668 7904

E-mail: dealman@eircom.net

First Step Ltd

John C. Cranfield

Jefferson House

Eglinton Road

Donnybrook

Dublin 4

Tel: +353 (0)1 260 0988

Fax: +353 (0)1 260 0989

Email: firststep@eircom.net

Web: www.first-step.ie

Irish BICs Seed Capital Fund Ltd

Alex Hobbs / Sinead Keogh

Dublin Business Innovation Centre

The Tower, TCD Enterprise Centre

Pearse Street

Dublin 2

Tel: +353 (0)1 671 3111

Fax: +353 (0)1 671 3330

E-mail: ibscf@dbic.ie

Web: www.dbic.ie

The following Funds are closed for new investment. However, the Manager currently manages other Funds with funding available for new investment.

ACT Enterprise Limited Partnership

Owen Murphy

ACT Venture Capital Ltd
Unit 6 Richview Office Park
Clonskeagh
Dublin 14
Tel: +353 (0)1 260 0966
Fax: +353 (0)1 260 0538
E-mail: omurphy@actvc.ie
Web: www.actventure.com

Bank of Ireland Entrepreneurs

Fund Limited Partnership

Frank Kenny

Delta Partners
South County Business Park
Leopardstown
Dublin 18
Tel: +353 (0)1 294 0870
Fax: +353 (0)1 294 0877
E-mail: venture@delta.ie
Web: www.delta.ie

The Guinness Ulster Bank Equity Fund

Limited Partnership

Michael Murphy

NCB Ventures Limited
3 George's Dock
IFSC
Dublin 1
Tel: +353 (0)1 611 5611
Fax: +353 (0)1 611 5987
E-mail: Michael.Murphy@ncb.ie
Web: www.ncb.ie

ICC Software Fund Limited Partnership

Maurice McHenry

72-74 Harcourt Street
Dublin 2
Tel: +353 (0)1 415 5555
Fax: +353 (0)1 475 0437
E-mail: mmchenry@icc.ie
Web: www.icc.ie

Trinity Venture Fund 1

John Tracey

Trinity Venture Capital Ltd
Beech House
Beech Hill Office Campus
Clonskeagh
Dublin 6
Tel: +353 (0)1 205 7700
Fax: +353 (0)1 205 7701
E-mail: info@tvc.com
Web: www.tvc.com

The following Funds are closed for new investment:

Alliance Investment Capital Fund

Frank Traynor

Corporate Finance Ireland

C.F.I. House

Clonskeagh Square

Dublin 14

Tel: +353 (0)1 283 7656

Fax: +353 (0)1 283 7256

E-mail: info@allinv.com

Campus Companies Venture Capital

Fund Limited Partnership

Pat Ryan

Arancoast Ltd

Molesworth House

8/9 Molesworth Street

Dublin 2

Tel: +353 (0)1 679 0818

Fax: +353 (0)1 679 9014

E-mail: info@campuscapital.com

Web: www.campuscapital.com

eircom enterprise fund ltd

Maura Moore

53 Merrion Square South

Dublin 2

Tel: +353 (0)1 647 1866

Fax: +353 (0)1 661 3897

E-mail: mmoore@eircom.ie

Web: www.eircom-enterprise-fund.ie

Millennium Entrepreneur Fund Ltd

Tony Shiels

4 Charleville

Lower Churchtown Road

Dublin 14

Tel: +353 (0)1 295 1959

E-mail: tony.shiels@iol.ie

Shannon Ventures Ltd

Martin Corry

Innovation Centre

National Technological Park

Castletroy

Limerick

Tel: +353 (0)61 338177

Fax: +353 (0)61 338065

E-mail: corrym@shannon-dev.ie

Web: www.shannondev.ie

Smurfit Venture Investments Ltd

Frank Lowe

Clanwilliam House

2 Clanwilliam Place

Dublin 2

Tel: +353 (0)1 662 8600

Fax: +353 (0)1 662 8700

E-mail: landflow@eircom.net

List of Investee Companies

| | |
|---|---|
| Abacus Communications Ltd | E*Smart Ltd <i>(Divested 2003)</i> |
| Acra Control Ltd | Educational Multimedia Group |
| Advanced Surgical Concepts Ltd | Eirnet Technologies Ltd |
| Aerosoft Ltd | Enovation Holdings Ltd |
| Alderhill Ltd <i>(Divested 2000)</i> | Eontec Ltd |
| Aldiscon Ltd <i>(Divested 1997)</i> | Epionet Ltd |
| Antefacto Ltd | Escher Group <i>(formerly Anshe Ltd)</i> <i>(Divested 2000)</i> |
| Apex Software Ltd <i>(Divested 2000)</i> | Estuary Technologies Ltd <i>(Divested 2003)</i> |
| Applied Optotech Ltd <i>(formerly Plasma Ireland Ltd)</i> | Eurocollege Institute of Education Ltd |
| Atlantic Mushrooms Ltd | Eurosync Technologies Ltd |
| AV Edge Ltd <i>(Divested 2003)</i> | eWine.ie Ltd |
| Avatar Works Ltd | Extranet Solutions Ltd |
| Baydon Solutions Ltd | EyeCom Technologies Ltd |
| Biotrin Holdings Ltd <i>(Divested 2003)</i> | FM Systems Ltd |
| Braxtel Communication Ltd <i>(formerly Saleslan Group)</i> <i>(Divested 2003)</i> | Freshways Ltd <i>(Divested 2002)</i> |
| Bronway Ltd | Global Mark Industries Ltd <i>(Divested 2001)</i> |
| Build Holdings Ltd | Gradient Solutions Ltd <i>(Divested 2000)</i> |
| Capebourne t/a AJ Precision (Engineering) Ltd | GumBusters Ltd |
| Carbofast Ltd <i>(Divested 2002)</i> | H2Hcare Ltd |
| Cardbase Technologies Ltd | Haptica Ltd |
| Celtech Software Int. Ltd | HomeNet Communications Ltd |
| Celtel Communications Ltd | Irish Regional & Information Systems Ltd t/a Mapflow |
| Celtrak Ltd | In Foods Ltd |
| Chartview Investments Ltd | Industrial Computing Machines Ltd <i>(Divested 1999)</i> |
| Comnitel Ltd <i>(Divested 2003)</i> | Infocell Ltd |
| CR2 Ltd | Ingenium Systems Ltd |
| CreditExpo Ltd | Integral Computers Ltd |
| Cyrona Software Ltd <i>(Divested 2001)</i> | Intune Technologies Ltd |
| Dalmar Ltd | Ivron Systems Ltd <i>(formerly Vedia Technology)</i> <i>(Divested 2001)</i> |
| Datalex plc | JLS Software Solutions Ltd t/a FPS Voyager |
| Dialogue Systems Ltd <i>(Divested 1999)</i> | Jupiter Communications Ltd <i>(Divested 2001)</i> |
| Dowling International Ltd <i>(Divested 2003)</i> | |

Kadius Systems Ltd *(Divested 2003)*
Kapooki Games Ltd
KCC Architectural & Security *(Divested 2003)*
Kental Teo *(Divested 2002)*
Kosran Systems Ltd
Lakefield e-Technologies Ltd
Locumotion Ltd
Macalla Software Ltd
Magnetic Solutions Ltd
Mail Morph Manufacturing Ltd
Martialone Ltd
Massana Ltd
Midia Group Ltd *(Divested 2003)*
Mirador Software Ltd
Monread Systems Development Ltd
Morpoint Ltd
Moving Media Ltd
Municipal Street Traders t/a Streetwise Recycling Ltd *(Divested 2002)*
National Linen Ltd
nEutekBio Ltd
Nexus HR Partners Ltd
Norkom Technologies plc
Nova Science Ltd
Nowcasting International Ltd
Opsis Ltd
Pentus Ltd *(Divested 2001)*
Performix Technologies Ltd
Pharmatrin Ltd
Phorest Communications Ltd
Piercom Ltd
Pointford Investments Ltd *(formerly Clearstream Technology)*
Polarlake Ltd
Programming Research Ltd
Pulse Learning Ltd
Quality Automation Ltd
Qualtrace Ltd *(formerly Fastnet Ltd)* *(Divested 2003)*
Qumas Ltd
Raidtec Ltd
Retail Integration Ltd *(Divested 2001)*
RFT Ltd *(Divested 2003)*
SaorCom Ltd
Scientific Systems Ltd
Sentrio Technologies Ltd
Sephira Ltd *(Divested 2001)*
Sepro Telecom Int. Ltd *(Divested 2003)*
Spectel Group Ltd
Spincrest Ltd t/a ITT
Statistical Solutions Ltd *(Divested 2003)*
Stockbyte (Star Media Ltd) *(Partial divestment 2003)*
Swytchon Services Ltd
Tango Telecom Ltd
Telekinesys Research Ltd t/a Havok
Teva Ltd *(Divested 1998)*
The Keaney Company Ltd *(formerly Buytel Limited)*
TopChem Laboratories Ltd
Toucan Technology Ltd *(Divested 2002/2001)*
Tourit Ltd *(Divested 2001)*
Trade Signals Ltd
Trapedza Financial Systems Ltd
Tridelta Developments Ltd
Turbard Iarthar Chonamarra Teo
Tyredata International Ltd
Valista Ltd *(formerly Network365 Ltd)*
Vistamed Ltd *(Divested 2003)*
Westgate Biological Ltd
Xiam Ltd
Zamano Holdings Ltd *(formerly m-iSphere Ltd)*

Seed and Venture Capital Approvals Committee

Pat Maher – Chairman

Executive Director

Regions and Investment Services

Enterprise Ireland

Kieran Grace

Principal Officer

Department of Enterprise Trade & Employment

Des Keane

Managing Director

Siseir Ireland Limited

Kevin Keating

Corporate Director

Goodbody Stockbrokers

Denis Marnane

Manager

Equity/Venture Capital

Enterprise Ireland

Gerry Moloney

Private Sector Consultant

Julie Sinnamon

Manager

Investment Services

Enterprise Ireland

Ruth Lacey

Secretary to the Committee



Enterprise Ireland is the national organisation charged with assisting the development of Irish enterprise. Its core mission is to work in partnership with client companies to develop a sustainable competitive advantage, leading to a significant increase in profitable sales, exports and employment. The Investment Services Directorate of Enterprise Ireland has overall responsibility for the management of the EU Seed and Venture Capital Measure under the Operational Programme for Industrial Development 1994 – 1999 and for the current Seed & Venture Capital Programme funded under the National Development Plan 2000-2006.

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Fax: +353 1 206 6400

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