

# British company secures premier league investors at first round of institutional funding

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Oxonica uses Nanotechnology to build innovative products atom by atom

Oxford, UK 10th June, 2002 -- These are tough times for raising investment money, yet one British company has successfully raised just over £4 million ( million) from a syndicate of leading venture capital companies from around the world. Oxonica is one of the global pioneers in the exciting new area of Nanotechnology. Nanotechnology involves creating atomic scale products or particles and is a fledgling industry that is generating a lot of media excitement and investment by governments, companies and Venture Capitalists.

Oxonica specialises in the creation of Nanoparticles. Using patented techniques to assemble them, the company produce materials that are only few atoms in size and have innovative chemical and physical properties. The company was spun out from the University of Oxford in 1999 and draws on many man-years of research in applied Nanotechnology to give it a leading position in the industry. As a result, it is already conducting field trials for products that address real life problems in a number of areas such as catalysis, medical diagnostics, healthcare and personal care (e.g. cosmetics). The positive results coming back from the trials mean that Oxonica is set to become one of the few Nanotechnology companies in the world to achieve a significant revenue stream in the very near future.

This is the first round of institutional investment for Oxonica; prior investment has been from private investors. "The demand was very intense, which is quite an achievement in these challenging times," explained Dr. Kevin Matthews, Oxonica's CEO. "It is a testament to the strength of Oxonica's world-class technology and, most importantly, its ability to generate real volume product sales in the near term investors want to see a quick route to revenue these days. I believe Oxonica now has the funding in place to carry us through the next stages of commercialisation of our technology and to achieve a robust leadership position in the world Nanotechnology market."

The VC firms investing in this round are VCF Partners, BASF Venture Capital GmbH, NextGen Partners LLC, Enabling Technologies, Northern Venture Managers and Generics Asset Management Ltd of The Generics Group on behalf of British Smaller Technology Companies VCT2 Plc. "These VC firms specialise in high technology," added Dr Matthews. "We are delighted to have such strong investors who really understand our technology and its capabilities and therefore can see the tremendous potential that we have to become a major international company. This round not only provides us with the funds to rapidly grow the company but it is also strategically important as investment in and validation of Oxonica by such leading, well respected companies means that there is already early interest in our future IPO!"

Bernard Fairman, Managing Partner at VCF which represents Foresight Technology VCT and TriVest VCT and

took the co-ordinating lead for the investment, commented, "Oxonica is one of the few Nanotechnology companies that is turning ideas into real commercial products. The company is unusual in that it has very strong fundamental patents that enable it to deploy its specialist Nanotechnology skills across a very wide range of applications unlike most other Nanotechnology companies that are focussed on niche areas of specialisation. Oxonica has a tremendous sphere of influence for its technology that is leveraged still further by licensing its intellectual property to third parties to generate even greater revenues. This gives it a unique position in the Nanotechnology world and we believe this will make Oxonica one of the global leaders."

Peter Grubstein, Managing Partner of the NextGen Enabling Technology Fund LP, which is a corporately backed strategic investment fund focused exclusively on materials science, added, "NextGen expects to accelerate Oxonica's time to commercial development by deploying the talents of our core group of strategic limited partners and world class team of venture partners. We are particularly impressed by the way that the company can use its skills as an enabling technology platform to rapidly prototype Nanoparticle solutions to new problems across a whole range of applications. This is a tremendous market advantage for them."

Oxonica is the first direct investment by BASF Venture Capital GmbH. "We don't just consider ourselves to be providers of capital. Rather we view ourselves as strategic partners," says Dr. Beate Ehle, Technical Managing Director at BASF Venture Capital GmbH. "Oxonica's activities fit ideally with our own activities for example in performance and fine chemicals and fit exceptionally well into BASF's know-how Verbund." Verbund is the German for integration.

#### VCF Partners

VCF Partners is one of a small number of successful UK technology investors with a proven long-term strategy, focusing on early and development stage investments in the £1 million to £5 million range. VCF invests across all areas of information technology, communications and manufacturing technology, with an emphasis on breadth and diversity. Investee companies have included Gemplus, the market leader in smartcard technology, and include Advanced Composites Group, an established manufacturer of high technology carbon fibre composite material that supplies the Formula 1 racing cars and sports equipment markets. VCF is currently advisor to a number of venture capital trusts and is fundraising for a new institutional fund based on a successful 17-year track record in the technology sector. The VCF team has almost 100 years combined experience in venture capital and is headed by Bernard Fairman. Further information can be found on

<http://www.vcf.co.uk>

BASF Venture Capital GmbH

BASF Venture Capital GmbH was established in April 2001 and is a wholly owned subsidiary of BASF Future Business GmbH a BASF Group company. Over the next three to four years the company intends to invest €100 million worldwide in innovative businesses with above-average rates of growth. The company will focus on participating in chemical-based technologies that lead to novel products or system solutions with a broad range of applications. In the medium term, BASF Venture Capital GmbH aims to participate in 20 to 30 startup companies and four to five other venture capital funds. Further information can be found on the Internet at

<http://www.basf-vc.de>

BASF is the world's leading chemical company. It aims to increase and sustain its corporate value through growth and innovation. BASF offers its customers a range of high-performance products, including chemicals, plastics, coatings systems, dispersions, agricultural products, fine chemicals as well as crude oil and natural gas. BASF's distinctive approach to integration, known in German as "Verbund," is its strength. It enables the company to achieve cost leadership and gives it a decisive competitive advantage in the long term. BASF acts in accordance with the principles of Sustainable Development. In 2001, BASF had sales of €32.5 billion (circa billion) and over 90,000 employees worldwide. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), New York (BF), Paris (BA) and Zurich (BAS). Further information on BASF can be found on [www.basf.com](http://www.basf.com).

#### NextGen Enabling Technologies

NextGen Enabling Technologies Fund, L.P. was formed by NextGen Partners, LLC to provide catalytic, second-stage funding to emerging new businesses in the materials arena. Specific areas of focus are:

- polymers and organics, which includes molecular recognition, gene chips, and active organic coatings
- energy and environmental technologies, which includes catalyst and sensor development; ceramic
- displays and electronic technologies, which includes electrical, optical, magnetic, mechanical, luminescent materials, and dielectrics
- infrastructure and telecommunications, which includes photonics, simulation technologies, high throughput experimentation, informatics, processing and manufacturing systems

Further information can be found on

<http://www.nextgenpartners.com>

## Northern Venture Managers

Northern Venture Managers is a specialist venture capital management firm, which operates from offices in Newcastle upon Tyne, Reading and Edinburgh and now has assets under management of more than £150 million. Since June 2000 NVM has been part of the Edinburgh Fund Managers group. Among the funds managed by NVM is Northern Investors Company PLC, which was launched as a private investment company in 1984 and has been listed on the London Stock Exchange since April 1990. Over the period from 1 May 1990 to 1 April 2002, the company achieved a share price total return to investors of 406% (source: S& P's Micropal, mid to mid, income reinvested).

As well as managing Northern Investors Company, Northern Venture Managers is an active operator in the expanding Venture Capital Trust (VCT) market and has to date raised over £100 million from VCT investors. NVM's current VCT issue is Northern 3 VCT, a new generalist VCT, which is aiming to raise up to £25 million in the 2001/02 and 2002/03 tax years. Northern Venture Managers specialises in making equity investments of between £500,000 and £5 million in UK unquoted companies and has the capacity to deliver deals of up to £15 million. Further information can be found on [www.nvm.co.uk](http://www.nvm.co.uk)

## Generics Asset Management Ltd of The Generics Group

The Generics Group is a leading integrated technology consulting, development and investment organisation, with an international reputation for successfully commercialising emerging science and technology. Generics invests in and develops technologies that underpin the future of the widest range of industries. Its key areas of expertise include: engineering, materials, telecommunications, life sciences, business innovation and electronics.

Generics' facilities include state-of-the-art laboratories and are located in Cambridge, UK; in Zürich, Switzerland; in Stockholm, Sweden; and in Boston and Baltimore in the USA. Generics has over 300 employees, of which more than half are high-calibre technology professionals. Further information can be found on

<http://www.genericsgroup.com>

## Oxonica

Oxonica is an exciting young company working in the field of applied Nanotechnology, science on the

atomic scale, heralded by the USA's National Science and Technology Council as becoming "as socially transforming as the development of running water, electricity, antibiotics, and microelectronics". A spin out from the University of Oxford in 1999, Oxonica is built upon intellectual property developed over seven years by Professor Peter Dobson and Dr Gareth Wakefield. Oxonica has gone on to add further intellectual property to its portfolio, and currently has 15 filed patents. Oxonica's proprietary techniques enable it to rapidly create prototype Nanoparticles, typically in the range of 5 to a few hundred nanometres\*, and evaluate the differences in their properties to identify Nanoparticles with appropriate functionality to solve a given problem.

For further information, please visit

<http://www.oxonica.com>

Oxonica is based at 7 Begbroke Science Park, Sandy Lane, Yarnton, Kidlington, Oxon OX5 1PF, United Kingdom. Tel: +44 (0) 1865 847 200. E-mail: [info@oxonica.com](mailto:info@oxonica.com)

Press contact for further information and photographs

Nigel Robson, Vortex PR, Island House, Forest Road, Forest, Guernsey, GY8 0AB, United Kingdom. Tel: +44 (0) 1481 233080. E-mail: [Nigel@vortexpr.com](mailto:Nigel@vortexpr.com)

\* One nanometre is a billionth of a metre (0.000000001 metres) one 100,000th the width of a human hair or around ten hydrogen atoms placed side by side.