



imagineer systems
imagine • invent • inspire

Contact: Merete Jacobsen, Imagineer Systems Ltd T: +44 1483 685 585 E: meretej@imagineersystems.com

Imagineer closes £1m funding

- A consortium of funds and private investors believe in Imagineer growth plans -

19th September 2006 - Imagineer Systems announced today that it has closed a £1m investment round to accelerate growth of the business.

Investors

A syndicate, led by London Seed Capital and including South East Growth Fund and Oxford Technology 4 VCT, has provided a development capital injection of more than £1m into Imagineer Systems Ltd. The round also included co-investment from members of London Business Angel Network. London Seed Capital initially invested into the company in April 2004, alongside members of London Business Angel Network, and introduced the deal to South East Growth Fund and Oxford Technology 4 VCT.

Company

Imagineer have built a successful international business through the sale of its suite of advanced software tools for professional film and video post industry. Its proprietary cutting edge image processing technologies have been used in a wide number of Hollywood blockbusters including X-Men 3, Pirates of the Caribbean II and Eight Below.

The new funding will allow the company to build on its current success by strengthening its sales, marketing and support operation, particularly in the dominant US market where an office will be established and in high growth markets such as India and China. The company will continue to broaden its innovative product portfolio targeting the commercials, broadcast and film post production markets. New distribution channels such as IPTV, mobile devices and the Internet, the globalisation of content production, growing demand for flexibility in the post production service offerings and increasing sophistication of the creative work are some of the key elements driving the need for technological innovation to enable content creators to continue to deliver ever more engaging content. This creates opportunities that the company is capturing through innovative development programmes with partners pushing the creative boundaries.

It will also develop new areas to exploit its technologies. This will include the establishment of a digital media advertising service business which will provide an end-to-end in-video advertising service to corporate clients. In-video advertising is the act of digitally placing branded products on set, as a way of exposing the product and brand to the viewer. Using proprietary technology Imagineer can manipulate existing content, for example, regionalising the branding within popular TV programmes such as Friends or upcoming high definition re-releases of films. The in-video advertising approach is attractive for several reasons. It is skip proof, non-intrusive, allows regional and/or demographic multiplicity leading to higher volumes, lower advertising prices and better targeted advertising through precise addressing. It delivers a whole new business model, is accessible to smaller advertisers and delivers an incremental revenue opportunity to rights holders, broadcasters, agencies and aggregators on its own or even alongside traditional advertising models.

People

Mark Boggett from London Seed Capital led the deal and Geoffrey Doyle represented SEGF and Matthew Frohn represented Oxford Technology 4 VCT.

Allan Jaenicke (CEO) and Bruce Smith (Chairman) and David Miller (Finance Director) represented the company.

Editors Notes

About London Seed Capital

London Seed Capital Limited is one of the six DTI backed Early Growth Funds. LSC is a co-investment fund whereby all investment must be at least matched by business angels. It can invest up to £465,000 in any one company with a maximum of £100,000 in the first round. LSC operates in conjunction with the London Business Angel network ('LBA'). It is an essential ingredient of LSC's investment model that as part of the business angel syndicate with which it is investing there is a lead business angel investor with some interest in being involved with the company post investment.

Further information:

Contact: Mark Boggett (02070892318) mark@londonseedcapital.com

www.londonseedcapital.com

About SEGF

The South East Growth Fund (SEGF) is one of nine Regional Venture Capital Funds covering the English regions. SEGF makes initial venture capital investments of up to £250,000 with follow-on investments up to a further £250,000, in companies at all stages of their development and expects to support up to 100 companies over the life of the fund.

The fund is able to consider investment into companies based in the counties of Berkshire, Buckinghamshire, East Sussex, Hampshire, the Isle of Wight, Kent, Oxfordshire, Surrey and West Sussex. The £30m fund is managed by WM Enterprise* and its investors include Barclays, Berkshire Pension Fund, Royal Bank of Scotland, GE Commercial Finance, the European Investment Fund, the DTI and WM Enterprise.

South East Growth Fund is managed by WM Enterprise. *WM Enterprise is a trading name of West Midlands Enterprise Limited, authorised and regulated by the Financial Services Authority.

Further information:

Contact: Geoffrey Doyle (07949 155441)

www.segrowthfund.co.uk

About Oxford Technology 4 VCT

The four Oxford Technology Venture Capital Trusts are managed by Oxford Technology Management and provide start up capital of £100k to £500k for early stage technology companies. Oxford Technology Management has managed or advised nine technology funds, and has been making and managing such investments since 1983.

Further information contact: Matthew Frohn 01865 784466 matthew@oxfordtechnology.com

About Imagineer Systems

Imagineer Systems Ltd focuses on research, development and marketing of productivity enhancing visual effects solutions for film, video and broadcast post production. The company was founded in 2002 and is based in Guildford, United Kingdom. For more information visit www.imagineersystems.com.

monet[™] is a unique tracking and compositing toolset for commercial, film and corporate video post production work. Based on Imagineer's unique 2.5D planar tracking and shadow/highlight extraction technology it offers a cost effective, standalone solution for performing virtual product placement and complements traditional post production pipelines by delivering the highest quality 2D tracking data and graphical elements for finishing in other compositing and editing systems.

mokey[™] offers an essential toolset for removing wires, rigs, logos, scratches, hairs and other undesired elements in commercial, film and corporate video post production work. Based on Imagineer's unique 2.5D planar tracking and background reconstruction technology it seamlessly removes elements and provides an excellent alternative to the painstaking, manual process of painting or cloning.

mofex[™] is a unique set of plug-ins for Apple's Shake compositing software for manipulating elements being composited, supporting application of lens distortion, calculation and application of shadows and highlights, application of tracking marker filters, adaptive anti-aliasing filtering, warping, temporal median filtering and more.

motor[™] is a unique rotoscoping tool for commercial, film and corporate video post production work. Packaged as a standalone tool based on Imagineer's unique 2.5D planar tracking and spline technology, it offers a way of producing very high quality mattes 3-4 times faster than with traditional tools.

moxel[™] elegantly handles 'standards and practice' work, such as removing undesired branding and obscuring identities by using image recognition techniques to reduce the amount of time spent on these tedious and laborious tasks. Designed for speed and ease of use, moxel is the ideal solution for ensuring that content meets broadcast standards.