

Press Release

£4 m funding for innovative 'smart fabric' developer Eleksen

- **Interactive textile product enables technological devices to be controlled through fabric sensors**
- **Investors include 3i, Hotbed, MTI, Braveheart Ventures and Siemens Venture Capital GmbH**

February 1, 2006 - Private equity investors have made a £4million investment in Eleksen, a developer of an innovative 'smart fabric' which can be used to control electronic devices, such as MP3 players or mobile phones.

Investors include specialist technology venture capital firm MTI, as lead investor, 3i plc, Hotbed, Braveheart Ventures and Siemens Venture Capital GmbH.

Eleksen's patented interactive fabric, called 'ElekTex[®]', is a laminate of textile layers which form a highly flexible touch sensor only 0.6mm thick. The sensor can detect where and how hard it is being pressed, so that the fabric can be used to 'plug into' and control electronic devices. Devices can either be connected direct or via bluetooth.

The lightweight, durable, washable material, whose technology was originally developed for 'Spitting Image' puppetry, is currently being used in several product ranges for consumer applications.

For example, wearable controllers enable MP3 players or mobile phones to be operated by sensors embedded in the sleeves of jackets or the straps of rucksacks, and embedded headphones or microphones can also be incorporated. The fabric also provides accessories, such as MP3 carry cases or arm bands for sportswear, with in-built speaker or volume controls. Wireless fabric keyboards, for use with smartphones, personal digital assistants (PDAs) and handheld computers have also been developed.

In addition, there are numerous other potential applications in the consumer electronics market, as well as in other areas such as the military, automotive, industrial or healthcare markets, as demand for a new generation of interface between people and electronics develops.

Eleksen Chief Executive, Robin Shephard, said "The range of potential applications for our unique technology is enormous and this funding is an important next step on our path to successful commercialisation"

The investment will provide Eleksen with funds for expansion and working capital to meet its targeted sales growth, which is underpinned by a strong order book and commitments from customers. The company, which was established in 1998 and employs 20 staff.

NOTES TO EDITORS:

About MTI Partners

MTI is one of the UK's leading providers of specialist venture capital to UK technology companies that are at an early stage in their development or recovery.

MTI's strength lies in its appreciation of hi-tech companies, coupled with the experience to provide quality business advice. All its executives are well qualified technologists who have a passion for helping young companies, and their management teams, evolve and grow. They have enjoyed success in commercial business environments at the most senior levels of management before joining MTI.

MTI's overriding motivation for investment is a company's potential for commercial success, determined by the quality of its technology, potential market, and the calibre of its management.

MTI has been supporting UK early stage technology since 1983, and is currently actively investing from its fourth, £105m, fund. It typically provides between £1 million and £5 million, with return on investment sought principally in the form of capital gain over a 3 to 7 year period.

Recent MTI investments include ApaTech, and recent major realisations include Sarantel (AIM), Chevin (ASG Inc) and Screen Technology (AIM).

About Siemens Venture Capital:

Siemens Venture Capital (SVC) is the 700 million euro corporate venture organization for Siemens AG, one of the largest global electronics and engineering companies, with reported worldwide sales of 75,4 billion euro in fiscal 2005. The goal of SVC is to identify and fund investments in emerging and innovative technologies that will enhance the core business scope of Siemens, particularly in Information and Communications, Automation and Control, Medical Solutions, Automotive Technology and Transportation Systems, Power, and Lighting.

To date, SVC has invested some 700 million euros in far more than 100 start-up companies and 30 venture capital funds mainly in the U.S., Europe and Israel, thus playing a key role in the global network of innovation. SVC is located in Germany (Munich), in the U.S. (San José, CA and Boston, MA) and is active through Siemens regional units in Israel and China.

SVC is part of a greater network at Siemens whose mission is to drive technological innovation by supporting start-up companies. In addition to Siemens Venture Capital, also Siemens Technology Accelerator and Siemens Technology-To-Business Center contribute to the innovation strategy of Siemens. Their individual mandates are defined according to financing stages and industry focus. More: www.siemensventurecapital.com

About Braveheart Ventures:

Braveheart Ventures Ltd is an investment company that makes and manages investments in British businesses. Braveheart was formed in 1997 by four Scottish businessmen as a co-investment vehicle so that they could pool their money and their knowledge to reduce risk.

Investments are made in young emerging companies most of which are not listed on the London Stock Exchange at the time of investment. These types of investments are often referred to as venture capital or private equity. Investments are a mix of technology and more traditional businesses and range from start-up companies to businesses in pre-listing situations. Typically six investments will be made each year out of several hundred business plans received.

The funds that Braveheart invests, are invested on behalf of private clients who are for the most part, high net worth individuals or corporate entities. Clients choose whether they wish to be either active investors (referred to as advisory clients) or passive investors (referred to as discretionary clients). Advisory clients build their own portfolio based on opportunities presented by Braveheart. Discretionary clients give a mandate to Braveheart to build portfolios based upon pre-agreed objectives. Braveheart currently has around 70 clients from both the public and private sector.

The Braveheart portfolio has returned an average of a little over 34% per annum over the last eight years. Investments are generally made utilising the Enterprise Investment Scheme which makes provision for income tax relief in addition to rollover relief and capital gains tax exemption for qualifying holdings.

About Hotbed

Hotbed is a specialist supplier of alternative asset investments and is authorised and regulated by the Financial Services Authority. Direct private equity and commercial property investments are made available in £25,000 or £50,000 units and private investors have the flexibility to pick and choose which investments they wish to participate in.

Hotbed was founded by a team led by Gary Robins, a former investment director with 3i plc, the UK's largest venture capital company. The company is chaired by Nigel Turnbull, former Group Finance Director of The Rank Group plc and author of the Turnbull Report on Corporate Governance.

About Eleksen

Eleksen Ltd. is the world leader in touch sensitive interactive textiles for electronics interface design. The company's core technology, ElekTex[®], is a unique electro-conductive fabric touch pad optimized for the creation of flexible, durable and rugged fabric touch screen interfaces.

ElekTex[®] is used in applications ranging from wearable electronic controls for consumer electronics and industrial wear to lightweight, low-power touch interfaces for CE accessories, telematics, military, transportation and space suits. It replaces the hard touch pads, flexi-circuits and polymer switches which have limited the growth of the wearable electronics markets.

Eleksen licenses ElekTex[®] and reference design to manufacturers for use in custom electronics design and also markets a range of ready-to-integrate solutions for garment, bags and accessories manufacturers.

The company is backed by an impressive list of investors: 3i, MTI, MVI, Siemens Venture Capital, Vesta Capital Partners and Wireless Frontiers. Eleksen is headquartered in Pinewood Studios near London, England and in Waltham, Massachusetts near Boston. More: www.eleksen.com