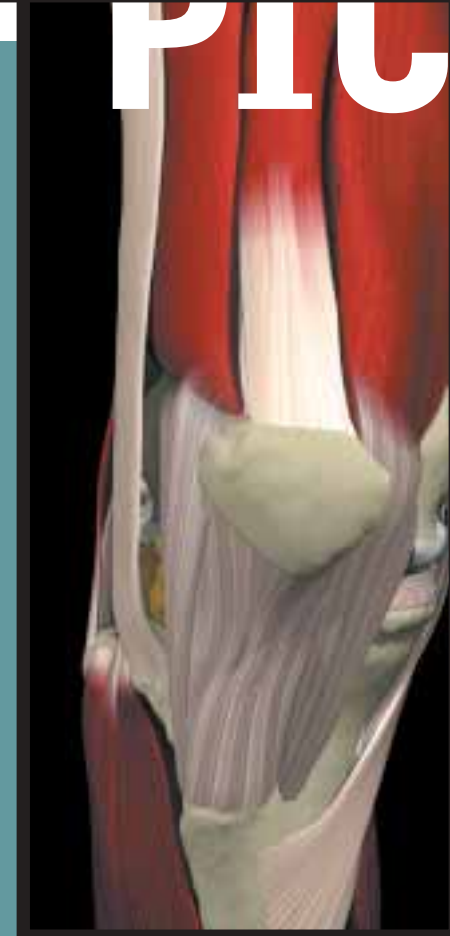


# INSIDE PRIMAL PICTURES



**MARKET CONDITIONS FOR RAISING EQUITY FINANCE HAVE CHANGED DRAMATICALLY OVER THE LAST EIGHTEEN MONTHS. CONSEQUENTLY, MANY COMPANIES ARE STRUGGLING TO STAY AFLOAT AS THEY FAIL TO ATTRACT SECOND AND THIRD FUNDING ROUNDS.**

The tough climate is currently sorting the men from the boys, however Primal Pictures founder and CEO, Laurie Wiseman has good reason to be optimistic.

Primal successfully convinced incumbent investors Yorkshire Fund Managers and Capital for Companies to invest a second round of funding and also attracted a major new shareholder Credit Agricole Indosuez Private Equity. In total they raised funding of £3.2 million.

Primal has developed a core set of skills which involves the interpretation of medical imaging data - its processing into 3D models and its display as a coherent CAD-CAM model of anatomical structures. The company essentially brings together knowledge of two technically advanced areas: 3D computer graphics (such as now used in computer animation), and medical imaging technologies, such as Magnetic Resonance Imaging.

Primal delivers powerful new training and education resources to medical professionals worldwide, ranging from orthopedic surgeons to nurses and medical students. Revenue in 2000 was £1 million, with 50% of sales derived from the USA. They are currently well on track to deliver 100% growth year on year.

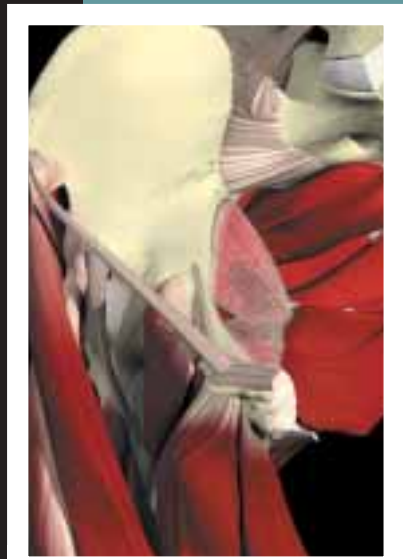
Reflecting on the funding process Wiseman commented: "It was very positive and confirmed our belief in the company and our vision for it, meeting with the investors and addressing their concerns was challenging and exciting for us, and our significant first mover advantage certainly helped us. I recognized that we had done well to get such a good deal in a tough market, however, we had a number of other potential investors interested in funding us and good competition for the deal. Interest from VCs was positive because we are a company that develops and sells real products. Our proposition was easy to understand, which made the business very attractive. The VCs saw a growing market, world leading technology, high barriers to entry, and a real competitive edge. The combination was irresistible".

However, success did not come overnight. "We are not a fly by night company. We have developed our technology in the last 5 years but the company is 10 years old and we were previously funded by government grants, and University collaborations, so fundamentally we were an offshoot of University research".

Primal is growing fast. It will use the new funds to accelerate production development, enabling the company to reach its goal to complete the world's first 3D anatomical model of the entire body - Gray's Anatomy for the 21<sup>st</sup> Century.

The model is being constructed in such a way to allow future enhancements, such as animating structures to show movement and function, and to provide the basis for a range of spin-off versions for a variety of medical disciplines.

As well as selling to individual physicians, the company also develops bespoke training tools for healthcare companies based on its 3D modeling. Clients include Smith & Nephew and GE Medical Systems. It has also recently secured an agreement with Pearson Education to provide anatomy instructors in USA with a complete suite of its products.



When asked about their possible exit route, Wiseman commented: "We are focused on generating profits and growing the business. The exit options for our investors will flow naturally, once we have created a profitable global business.

Publishers and healthcare training companies are just a few of the large number of possible purchasers who would find us attractive. Alternatively we could go the IPO route since the climate for technology related companies is expected to improve over the medium term. Clearly for now we still have a lot to achieve, but we are excited by the opportunities and the challenges ahead." The company now employs thirty-six staff in its central London base and four in the USA.

Primal's success clearly demonstrates that VCs will still invest if the proposition, the market and the management team are attractive. No matter how cold market conditions become, there is plenty of money out there and most VCs still see strong potential in the UK and Europe.

PRIMAL PICTURES	
CEO:	Laurie Wiseman
UK Locations:	UK & US
[URL]	www.primalpictures.com
[EMAIL]	www.laurie@primalpictures.com
[TEL]	+44 (0)20 7851 6019