



2007 Annual Report

Ames Seed Capital LLC
2007 Annual Meeting
April 12, 2007

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Agenda

2007 Annual Meeting Ames Seed Capital LLC April 12, 2007

Welcome/Introductions	Chuck Jons, President
Approve 2006 Minutes	Chuck Jons, President
Election of Managers	Chuck Jons, President
Financial Statements	Jami Larson, Vice President
Annual Report	Jami Larson, Vice President
Introduction of Keynote	Dan Culhane, Secretary
Keynote Speaker	Dr. Robert Brown Iowa State University Office of Biorenewables Program
Other Business	Chuck Jons, President
Fund V	
iSeek Corportation	
Adjournment	

ROBERT C. BROWN

Dr. Brown is a Bergles Professor in Thermal Science at Iowa State University (ISU). He holds the rank of Professor in the Departments of Mechanical Engineering, Chemical and Biological Engineering, and Agriculture and Biosystems Engineering. His research focuses on the thermochemical processing of biomass into energy, fuels, and chemicals.

Dr. Brown is the Iowa Farm Bureau Director of the Office of Biorenewables Programs, which coordinates research in bioenergy and biobased products at ISU. He has published the textbook Biorenewable Resources: Engineering New Products from Agriculture and helped establish at ISU the first graduate program in the United States to offer degrees in biorenewable resources. Dr. Brown is a Fellow of the American Society of Mechanical Engineering.



MINUTES
Ames Seed Capital LLC
Annual Meeting
April 5, 2006

- Attendance:** Kevin Geise and Chad McDonald (Valley Bank); Jim Bocken (Quality Inn); Steve Koger (McFarland Clinic); Jami Larson; Ron McMillen (Sigler); Joe Craig, Ray Pike, Dave Kramer, Johnny Aguire and Mike Campbell (Ames Tribune); Jim Cickon (First American Bank); Jerry Smith (Hearing Unlimited); Lee Livingston; Betty Baudler Horras; Dick Johnson and Mike Espeset (Story Construction); Gene Johnson; Dean Hunziker (Hunziker & Associates); Fred Miller; Marv Walter (Ford Street Development); Kurt Kuta (Ames Community Bank); Dan Krieger (First National Bank); Shane Zimmerman (Wells Fargo); Bill Whitman; John Russell (US Bank); Chuck Jons; Rich Johansen (B-Bops); Jere Maddux and Stephen Howell (Newbrough Law Firm); Dick Clem; Jerry Nelson (Nelson Electric); John Jennett (F&M Bank); Mark Speck (Speck Plumbing); Mark Hanson (Hanson Homes);
- Guests:** Tahira Hira (Ames Chamber President); Jim Bloedel (AEDC Past President); Steve Lasky (Advanced Analytical CEO); Mark McDonald (Combiseq CEO); Dave Sly (Proplanner CEO); Steve Carter (AEDC President); Don Flugrad (iSEEK/CMnet); Keith Barnes; Kurt Carlson (North Grand Mall); Gary Botine (Chamber Past President); Barry Nadler (Nyemaster Law Firm)
- Staff:** Dan Culhane, Eve Doi, Jennifer Grouwinkel, Jennifer Schill and Bob Vohs
- Presiding:** Marv Walter, Ames Seed Capital LLC President, called the meeting to order, made introductions and recapped the history of the organization.
- Minutes:** 2005 Annual Meeting minutes were approved (motion by Hunziker, second by Russell)
- Financials:** Jami Larson reviewed the financials and noted that financial statements had previously been mailed to all investors. Financial Statement were approved (motion by Dick Johnson, second by Steve Howell)
- Managers:** Marv Walter recognized the current Managers, and he presented awards to Chad McDonald (2000- 2005) and Dick Clem (2001-2006) acknowledging their excellent service as Managers and stating that they were not seeking another term.
- Election:** Marv Walter reported the results of the election (ballots previously mailed to investors). A total of 1,299,000 units were eligible to vote. We received 946,500 units (73%) in support of the proposed slate of managers and zero units not supporting the managers. Jerry Smith moved that the election be closed and that we accept the election results. Chuck Jons seconded the motion, which was approved.
- Report:** As Secretary and Interim Director of the Ames Seed Capital Fund, Jami Larson reviewed the highlights of the 2006 Annual Report which were distributed to all of those in attendance. He noted that we currently have 13 active investments; we closed Fund III (only \$4293.84 not drawn down); we only have \$37,486.74 left to drawn down in Fund IV; and we wrote off two investments (PhytoDyne and Shell Shocked Sound). He reminded investors that over \$1,078,000 was still at work in Funds III and IV, and that approximately that same amount had already been returned to Fund III investors as a result of the Rocket Chips sale to Xilinx in 2001. He also drew attention to a new Company Statistics page in the Annual Report that summarized revenues, employment and facilities for Ames Seed Capital companies. Larson also indicated that 6 of the 13 companies had indicated that they would be seeking additional funding during 2006.

Program: Dan Culhane made his first presentation to an Ames community group since his selection as the new AEDC and Chamber Executive Director. He indicated that he was looking forward to officially starting on April 17, 2006. Culhane shared some of his recent experiences as the Mason City Economic Development Director, and he told the group that he was looking forward to returning to Ames with his wife and two daughters (he and his wife were both graduates of Iowa State where Dan also played baseball for the Cyclones)

Fund V: Dick Johnson reported on the success of solicitations to raise pledges for both a replenishment of the Community Investment Fund that provides low interest or no interest loans to companies that are expanding in Ames. Current commitments of more than \$185,000 over a 3-year period have exceeded the \$150,000 goal.

Dean Hunziker reported that so far \$878,000 has been pledged toward a goal of \$1,000,000 to establish the next Ames Seed Capital equity fund (Fund V) for accredited investors. Dean and Dick encouraged potential investors to complete their pledge forms quickly, because the goal is to end the fund raising effort within the next month.

Both Marv Walter and Jami Larson thanked Dean and Dick for their efforts, and congratulated them and the organization on having such success since starting the solicitations in early December of 2005 without a fulltime Executive Director to assist in the effort.

Meeting was adjourned.

Ames Seed Capital LLC – Round 3

Original Pledges	\$450,000.00
Net Additions and Dropped Pledges	-6,495.61
Drawdowns	
1997 Palisade Systems	-14,999.99
1997 RocketChips	-25,000.09
1998 RocketChips	-30,000.01
1999 RocketChips	-25,000.02
1999 Advanced Analytical Technologies	-99,999.96
2000 Etrema Products	-50,000.02
2001 Palisade Systems	-25,000.08
2002 Reality Sports	-48,878.96
2003 AATI	-99,999.99
2005 Palisade Systems – Warrants	-20,331.43
	\$4,293.84
Remaining Pledges prior to closing fund in 2005	\$4,293.84

Ames Seed Capital LLC – Round 4

Original Pledges	\$845,000.00
Net Additions and Dropped Pledges	+36,886.64
Drawdowns	
2001 Phytodyne	-50,000.05
2001 NewLink Genetics	-99,999.97
2002 CombiSep	-50,000.05
2002 BioForce Nanosciences	-24,999.97
2002 NewLink Genetics	-100,000.00
2002 ProPlanner.net	-49,999.99
2003 Phytodyne	-49,999.99
2003 Shell Shocked Sound	-24,999.97
2003 ProPlanner.net	-49,999.99
2004 Micoy	-49,999.99
2004 MagnaLynx	-49,999.99
2004 Lincolnway Energy LLC	-49,399.96
2004 ProPlanner.net	-20,000.02
2004 BioForce Nanosciences	-49,999.98
2004 CADseek	-49,999.98
2005 Palisade Systems	-25,000.02
2005 BioProtection Systems	-49,999.98
	\$37,486.74
Remaining Pledges prior to closing fund in 2006	\$37,486.74

Fund 3 - Active Investments

Advanced Analytical Technologies Inc. (AATI)

www.aati-us.com

ISU Research Park

2901 South Loop Drive, Suite 3300

Ames, IA 50010

515.296.6600 (phone)

515.296.6789 (fax)



Contact

Steven J. Lasky, Ph.D., Chief Executive Officer

Mark F. McDonald, President

Investment

\$100,000 to purchase **25,000 shares** of Series B Preferred Stock (1999)

\$100,000 to purchase **25,000 shares** of Series E Preferred Stock (2003)

\$ 50,000 to purchase 20,000 shares of CombiSep Series B Voting Convertible Preferred Stock (2002).

This stock was converted to **10,604 shares (Approx)** of AATI Series G Preferred Stock (2006 Private Placement)

Key Accomplishments

2006 was an exciting and pivotal year for Advanced Analytical. The company enjoyed another year of record revenue, which included several new federal contracts. One major milestone in the growth of the company was the merger of CombiSep, Inc., December 1, 2006. From this merger, full-time employment increased from 19 to 30 and key staffing positions for engineering and marketing were filled. Concerning the merger, John Pappajohn stated in a recent press release, "This merger brings together two technology rich companies, with outstanding leadership, and positions the combined company to capitalize on an enormous opportunity for growth through market expansion."

As part of the integration process, the following mission was created:

Mission

Through innovative technology and collaborative relationships we will:

- Deliver superior customer support, services, and solutions
- Create sustainable growth
- Foster a dynamic and fulfilling work environment

The Future (*Improving Process <> Empowering Progress*)

Advanced Analytical is poised to realize its best sales year yet. To ensure that this expectation becomes a reality, Advanced Analytical will focus its short and near term attention to delivering more "turn-key" life science R&D and process control system solutions.

As this short-to-near term strategy is executed, the company will continue work towards achieving its long term initiative – commercialization of revolutionary nano-biosolutions. While, no doubt, the future will bring unexpected challenges, nothing will interfere with Advanced Analytical becoming a premier supplier of sophisticated laboratory solutions – solutions created and manufactured in **IOWA !**

ETREMA Products, Inc.www.etrema-usa.com

2500 N. Loop Drive
Ames, Iowa 50010
515.296.8030 (phone)
515.268.4540 (fax)

**Contact Person**

Howard Harris, President and CEO

Investment

\$50,000 investment. A royalty equal to 0.4% of sales on all ultrasonic systems sold, excluding the existing dental industry tool, will be due to ASC LLC on an annual basis until a repayment of \$250,000 has been reached.

Research and Development

Internal R & D efforts for 2006 concentrated on application development for a small industrial transducer. Market feed-back had indicated that the larger High-Powered Ultrasonics (HPU) systems were too expensive and complex for early research and process investigations. Designated the CU-18, the transducer was completing final design at the end of 2006 with a sales release date of April 1, 2007.

Work continued under contract with the US Navy on two tracks: 1) Design concept for the Multi-Wavelength Transducer (MWT) and 2) Modeling Prediction of Cavitation. The MWT design is a new design approach to HPU based on results obtained from prior designs. The goal is to achieve a scalable transducer, where multiple units can be stacked to achieve higher power levels. The design of early prototypes was completed in fall of 2006 and hardware fabrication was underway as of the end of 2006. Testing of the MWT with comparison to the expected performance will be completed in the first half of 2007. Note – MWT is not intended to be a product itself, but rather an engineering test of a new design concept – if successful, it would serve as the foundation for a new product series.

The model prediction for cavitation work is directed at defining the plumbing of HPU systems and proper sizing of the cavitation zone for optimum exposure of the working fluid to the applied ultrasonics. Earlier work with the US Navy had identified the geometry of the cavitation zone as a key parameter to be optimized, which was difficult to achieve because of the metal piping used in the systems construction. The work performed in 2006 centered on developing a predictive model that would allow for the optimization to be part of the design activity. This would facilitate the end-use of HPU systems.

There were no revenues from High Powered Ultrasonics in 2006. Several issues in terms of design and performance were encountered. As a result, ETREMA terminated sales of the current 3Kw product. The R&D work performed in 2006 is intended to address the aforementioned design and performance issues.

Edge Technologies currently employs 21 full-time and 2 part-time employees. Company revenues in 2006 totaled \$4.2M. Edge is projecting \$4.4M in revenues for 2007.

Palisade Systems, Inc.www.palisesys.com

2625 N. Loop Drive, Suite 2120

Ames, IA 50010

515.296.6500 (phone)

515.296.5335 (fax)

**Contact**

Kurt Shedenhelm, President and CEO

Investment

- \$15,000 to purchase 3,856 at \$3.89 per share adjusted for 20:1 split - 77,120 common shares at \$0.1945 and a warrant to purchase an additional 25,000 shares at \$1.00 per share. Warrants expire on May 15, 2005.
- \$25,000 investment to purchase 12,500 shares at \$2.00 per share purchased in June 2001 (Series C private placement). With the Series E round priced at \$1.00 per share, this investment will be adjusted and we will receive an additional 12,500 shares.
- \$25,000 investment to purchase 20,000 shares at \$1.00 per share in 2005. (Series E Preferred Stock)
- \$20,331 investment in May of 2005 to exercise warrants to purchase \$20,331 shares of common stock at \$1.00 per share.

2006 was again an exciting year for Palisade Systems. In 2005, Palisade was recognized as a leader in the Content Monitoring and Filtering security marketplace. This is the first time in the company's 10 year history that respected IT analyst, Gartner Group, recognized the company as a leader in any security segment. The effort to be recognized as a leader is just one example of the milestones we accomplished in 2005. In 2006 we focused our efforts on increasing our product and company's position in the market.

Below are some 2006 highlights:

Selected by Gartner to participate in their second Magic Quadrant Process

The Gartner Group conducted their Magic Quadrant process on the Content Monitoring and Filtering market for the second time. This process is done every 12 months with the findings included in a market segment research report sent to their customers. This year the criteria was much tougher but we were again selected as a participant on the quadrant. The report will be released in March.

Being on this year's quadrant is extremely important as the report is used by all fortune 1000 customers in selecting vendors for project participation.

Expanded re-seller channel program

Palisade brought on 50 new channel partners in 2006. We are now beginning to see sales cycles from these resellers.

Product functionality enhancements for Content Monitoring and Filtering market

Palisade focused its development team on developing more content monitoring and filtering functionality into the PacketSure product line to compete for a leadership position in the emerging Data Loss Prevention marketplace. Our latest release of PacketSure 5.5 brought to market functionality mandatory for participation in enterprise accounts such as Citigroup and Bank of America, both of which are in the sales cycle.

Palisade completed a patent validity search and we are finalizing our strategy to pursue infringers

Palisade retained the services of patent law firm McKees, Voorhees & Sease to conduct a patent validity search on our blocking technology patent. The search found no prior art on the patent and Palisade will commence notification of certain infringers in March 2006. Palisade, through McKees, Voorhees & Sease contacted three of the largest product vendors in the networking and security markets to offer licensing opportunities to them. We are currently in discussions with all three.

In the event a licensing arrangement can't be worked out and Palisades decides to file a lawsuit to protect our patent rights, McKees may be willing to take the case on contingency. We will know for certain within the next 60 days on how we will proceed.

Decision Point

As the Content Monitoring and Filtering market rapidly emerges it has been predicted we will begin to see consolidation of vendors in this space as the bigger vendors such as CISCO, Juniper, Symantec, etc., acquire the technology already developed to rapidly enter the market.

In October of 2006, McAfee started the consolidation with the purchase of Onigma for \$20 million. Onigma was unknown in the market with technology and no revenue. Websense made the second acquisition in January of 2007 with a direct competitor, Port Authority. Port Authority had raised \$42 million in capital, had \$5 million in revenue and a net loss in 2006 of \$12 million.

Today most of the acquisitions are still companies buying technology and functionality to add to their product portfolios. Given Palisade's capital structure, technology, patent rights, and market acceptance, Palisade possesses a lot of current value. This value will be harder to maintain over time with out raising a lot more capital. Today there are many more buyers than companies to buy, so it may be an optimal time to consider a sale.

Palisade's board has decided to begin discussions with several investment bankers with transaction experience in the security space. We will be going through an initial review with them to discuss a possible valuation for the company. We will then make a determination on direction.

Fund 4 - Active Investments

BioForce Nanosciences, Inc.

www.bioforcenano.com

1615 Golden Aspen Drive

Ames, IA 50010

515.233-8333 (phone)

515.233-8337 (Fax)



Contact

Eric Henderson, President and CEO

Investment

\$25,000 investment in 2002 for 29,675 shares of common stock.

\$50,000 investment in 2004 for 47,522 shares of common stock.

Revenue

Sales revenues (unaudited) for 2006 were approximately \$415,000.

The Nano eNabler™ molecular printing systems (formerly known as the NanoArrayer™ system) was placed in twenty selectively targeted academic institutions during 2006 under the Company's Pilot Placement Program. Examples of these institutions include Harvard Medical School, Johns Hopkins and the Russian Academy of Biomedical Sciences. The purpose of this program is to place Nano eNabler™ systems in leading academic institutions so that they will gain first hand experience with the instrument, generate scientific discoveries, and publish papers regarding those discoveries. This is all a part of the Company's strategy to increase the excitement about molecular printing within the research community.

Two Nano eNabler™ systems were sold during 2006. The strategy for 2007 is to 1) convert as many of the 2006 placements to sales as possible, 2) generate direct (non-placement) sales, and 3) place additional units in key sites under the Pilot Placement Program.

Financing

The Company completed a reverse merger during 2006 which resulted in the company being publicly traded under the symbol BFNH.OB. The Company is actively working to increase its visibility in the institutional investment community in an effort to increase support for its stock in the market.

A \$6M private placement was completed concurrently with the 2006 merger transaction. It is anticipated that the Company will raise additional funds during 2007 through an offering of its debt and/or equity.

Manufacturing

During 2006 the Company was able to complete the assembly of twenty Nano eNabler™ systems and hire a Director of Manufacturing as a part the transition of the instrument to production status.

Recognition

BioForce has received continuous media coverage over the past twelve months, including being named to the Forbes/Wolfe list of twenty nanotech stocks to watch.

New Products

The Company has conceptually developed certain application which are made possible by the Nano eNabler™ system. These are the ViriChip™ virus detection platform, the FAST™ drug discovery methodology and Chip-On-A-Tip™ diagnostic test. Corporate partners are being sought for development of these applications.

Intellectual Property/New Products

The Company continues to pursue its existing patent applications and file critical patents applications in a timely fashion and to the extent that resources allow. A competitor's request that a certain patent which had been issued to BioForce be re-examined was granted, and the U.S. Patent Office ultimately rejected BioForce's claims to the technology. BioForce has submitted a response to this rejection, and the outcome of the action is pending. The patent, while important, is not directly related to the current operations of the Company.

Management Additions

The Company is now managed by the founder and CEO, Eric Henderson, its COO, Mr. Kerry Frey, and CFO, Greg Brown. Mr. Brown joined the company during 2007 and brings significant capital markets and public company experience to BioForce.

Summary

The strategy for 2007 is to continue the momentum built during 2006. This will be accomplished by substantially increasing Nano eNabler™ system sales, expanding its sales and marketing capabilities to support future growth and continued technology development.

iSEEK Corporation

2501 N. Loop Drive, Suite 1850
Ames, Iowa 50010
515.296.7036 (phone)
515.296.5639 (fax)

Contact

Dr. Don Flugrad, Senior VP and COO
dflugrad@iseekcorp.com

Investment

Ames Seed Capital LLC invested \$50,000 as a convertible note in 2004 toward the Series A financing round. The group then converted all of the original principal amount plus interest into 101,272 preferred shares of the iSEEK corporation on the 19th of December 2006.

Ames Seed Capital, LLC is investing an additional \$50,000 on a convertible note basis in April of 2007 toward the Series B financing round.

Research and Development

Funded by a grant from the National Science Foundation, preliminary work was completed to develop and test the basic technology underlying the geometric search engine included in CMnet's software product. This work was accomplished by the end of spring 2004 semester at Iowa State University.

In March of 2004, the company received a \$50,000 convertible debt loan from Wellmark to continue development and commercialization of the software package. In January of 2005, Wellmark provided an additional \$50,000 convertible debt loan to iSEEK. iSEEK purchased the computer equipment needed and moved into its current quarters at the ISU Research Park in June 2004. There programmers created the graphical user interface and internal classification and search capabilities for the product, which was named CADseek.

The company changed its name from CMnet, Incorporated to iSEEK Corporation in February of 2006 and is currently doing business as iSEEK Corporation. iSEEK has closed on a Series A round of financing for a total amount of \$549,104.40. In addition, iSEEK Corporation received an IDED grant for \$100,000 and \$50,000 from the Iowa Values Fund. The total financing through the round is \$699,104.40.

Two patent applications were filed by the Iowa State University Research Foundation based on the technology invented by co-founders Abir Qamhiyah and Don Flugrad. These patent applications were filed with the U.S. Patent Office in June 2004. One patent application deals with the coding and classification used in the search engine, and the other addresses the network concept allowing original equipment manufacturers to identify qualified contract manufacturers using the CADseek software and a distributed internet system. CMnet, Inc. negotiated an exclusive license agreement with ISURF for use of the technology in the two patents in September 2004.

Sales Activity

John Deere has completed the pilot implementation of CADseek and the Navigator at their headquarters in Moline, Illinois, and in Mannheim, Germany. The pilot was the first phase in a five-year contract for an enterprise license agreement signed between iSEEK Corp. and Deere & Company in June of 2006.

Over the past year iSEEK Corp. participated in nine trade shows and conferences producing over a hundred contacts for potential customers. This activity resulted in over 30 demos to interested companies such as Ford, Caterpillar, and Novellus. In addition, proposals have been requested by and submitted to Peterbilt, GE, Altec Industries, Thermo King, Spirit AeroSystems, Marel.

The company has also intensified its marketing campaign which led to positioning its product, CADSEEK as the "Google of CAD," according to the title of an article published by **Machine Design**, a leading trade journal in October of 2006.

Net income or loss for 2006

The company sustained a loss of \$666,644 for the year 2006.

Employees based in Ames

The company currently has seven full time employees based in Ames.

Lincolnway Energy

www.lincolnwayenergy.com
59511 W Lincoln Highway
Nevada, IA 50201
515.382.8899 (phone)
515.382.2417 (fax)

**Contact**

Rick Brehm, CEO

Lincolnway Energy**Recent Events**

Lincolnway Energy, LLC was formed for the purpose of building, owning and operating a dry mill fuel ethanol plant near Nevada, Iowa. Lincolnway Energy's Board of Directors determined that the production facility should be designed for 50 million gallon annual capacity and that coal should replace natural gas as the plant's primary power source.

Ames Seed Capital participated in the initial equity drive in 2004 that raised more than \$38 million dollars to help encourage the success of this first major bio-renewable project in the Ames area. The ASCF Managers intended that its investment would show its support for the local fund raising effort. The intent was to exit from its investment once the facility proved to be successful.

Lincolnway Energy's success has exceeded expectations in its first year of operation. The company produced its first ethanol for shipment in May of 2006. As a result of rising ethanol and petroleum prices last summer, relatively low corn prices at the time, and excellent management decisions during construction and the first months of operation, Lincolnway Energy closed its fiscal year on September 30, 2006 with a profit of almost \$16 million dollars.

Based on the first year's success of LWE and the ASCF Manager's original exit strategy, the ASCF Managers voted in December of 2006 to place its 52 membership units for sale on the LWE Unit Trading site. During January of 2007 all 52 units were sold in 3 separate transactions, totaling \$124,800. Each unit sold netted the ASCF \$1450 (\$2400 minus \$950 original investment). This was in addition to the \$150 per unit paid to ASCF members in a November 2006 distribution. This was also in addition to the State and Federal Tax Credits that ASCF members received for 2006.

The ASCF Managers are pleased to distribute the \$124,800 of proceeds from this sale at its April 2007 Annual Meeting. And, we are even more pleased to say that, as a group, our investors helped make it possible for Lincolnway Energy to become a successful bio-renewable fuels company right here in Central Iowa.

Micoy

Contact

Don Pierce, President
(515) 451-3806



Recent Events

2006 was a difficult year for Micoy. In recent communication with Stockholders, Don Pierce, Micoy's President and co-founder said, ".....our technology development has been very successful and we have attracted the attention of several key markets. In 2005, after winning the World's Best Technology gold award, we completed our first licensable software product, ready to be marketed. Two years later, we still have not realized the marketing potential of our technology and have been unable to close revenue-generating business deals."

Recently a group of stockholders, including the Managers of the Ames Seed Capital Fund, have been working with Don Pierce to make significant changes in the management structure of Micoy. This effort has led to the recent forced exit of the company's CEO, who had been identified by many potential Micoy customers as being a stumbling block in doing business with Micoy.

A new interim CEO has been hired, and Don Pierce and others are now trying to regenerate enthusiasm for Micoy's 3D technology. Although lack of working capital is of significant concern at this point, Pierce is convinced that several revenue producing deals will be forthcoming in the very near future. Ames Seed Capital Managers will monitor this situation closely in the weeks ahead.

MagnaLynx

www.magnalynx.com
 1606 Golden Aspen Drive, Suite 102
 Ames, Iowa 50010
 515.663.8820 (phone)
 515.663.8821 (fax)



Contact

Scott Irwin, PhD, President and CEO

Investment

\$50,000 investment to purchase 50,000 shares of common stock in 2004.

Company Events and Milestones

Joint Product Memorandum of Understanding with Cypress Semiconductor Jan-2006
 Received First Serial Memory Devices from Assembly Feb-2006
 Greene Holcomb & Fisher (GH&F) Hired as Investment Advisor Feb-2006
 Prototype Serial Memory Devices Demonstrated at Cypress May-2006
 Notice of Allowance of First Patent Application from USPTO Nov-2006
 Jeffrey J. May Elected Director and Appointed President and CEO Dec-2006

Sales Activity

Activities to date have focused on R&D and cultivation of partnerships, including alternate sourcing and host-side implementation partners. Launch of the Company's first SRAM product has been delayed until partners and funding are secured. Additional products targeting high-speed PC interconnect ("PCI Express") planned for 2H'07 launch. PCI Express product revenue is not projected to ramp until late-2007 with projected sales for 2007 of \$91k.

Net income or loss for 2006

Last year's efforts focused on fundraising, business development, and R&D, including the demonstration of our first serial memory product. Net loss for the 2006 was \$747,724. Year ending cash balance was \$681.

Employees based in Ames

As of the end of 2006, MagnaLynx had 7 full-time employees, of whom 6 are based at the Company's Ames, IA Corporate Headquarters and Design Center.

Additional Information

- In January 2006, the Company signed a Memorandum of Understanding (MOU) with Cypress Semiconductor, a leading manufacturer of parallel SRAM devices. The MOU identifies a joint product development undertaking combining the Company's MagnaPHY memory interface with Cypress' Dual-Port SRAM device.
- In February 2006, the Company engaged the services of Greene Holcomb & Fisher (GH&F) of Minneapolis, MN as investment advisor on the its Series A financing round. Engagement of institutional investors during 2006 have thus far been unsuccessful in closing the \$8-10M in Series A financing projected to productize and launch the Company's high-speed serial SRAM product.
- In February 2006, the Company received its first serial SRAM devices from assembly. Initial characterization has been completed with excellent results, including successful demonstrations to partners/customers (ongoing).
- During March 2006, the Company raised an additional \$125,000 via its Convertible Subordinated Bridge Note offering, with automatic conversion to the next equity financing round at a 20% discount. In November 2006, the Company received a Notice of Allowance from the US Patent and Trademark Office (USPTO) of all essential claims from its first patent applications. (Patent No. 7,167,410 officially issued in early 2007.)

On December 14, 2006, the company elected Jeffrey J. May to its Board of Directors and appointed him President and CEO. Mr. May has extensive experience in the semiconductor industry spanning more than 25 years. Establishing himself in management at Advantek in 1980, Mr. May transitioned a small importer of capital equipment into a global leader in specialized semiconductor handling materials with revenue in excess of \$130M and more than 650 employees in 5 countries. In 1997 Mr. May formed Gideon Point Capital to provide consulting and angel investing for technology based companies. Mr. May received his B.S. in Electrical Engineering from the University of Minnesota in 1983.

NewLink Genetics Corporationwww.linkp.com

2901 South Loop Drive

Suite 3900

Ames, Iowa 50010

515.296.5555 (phone)

515.296.5557 (fax)

**Contact**

Nick Vahanian, Chief Medical Officer

Investment

\$99,999 to purchase 44,444 shares of Series AAA Preferred Stock at \$2.25 per share (October 2001).

\$99,999 to purchase 39,999 shares of Series B Preferred Stock at \$2.50 per share (July 2002).

Additional Information

In addition to the progress we are making with the cancer vaccine products, NewLink is now quickly moving a lead small molecule cancer therapy into clinical trials. We are in the final stages of preparation for an Investigational New Drug application that will allow us to begin clinical testing of 1-MT. This is a novel compound that interferes with the ability of cancer cells to suppress the immune defenses of patients. All critical preclinical studies are complete, as is the pharmaceutical grade manufacture of the drug. We have finished the design of clinical safety studies that are required by the FDA, and will complete the submission during Q1 2007 with the goal of beginning patient treatment in mid 2007.

With the rapid pace of our expanding clinical activities, including all the manufacturing, testing and regulatory services necessary to support our clinical programs, NewLink has needed to add new personnel and facilities. Accordingly, we have added a full-time Human Resources manager to help streamline the hiring process and to continue to expand the employee support services that help us retain our highly trained and motivated staff. In addition, we continue to add new hires to our Manufacturing department so that we can produce larger quantities of medicine faster, while still maintaining the highest quality. Clinical Lab support has added staff so that we can analyze an increasing number of cancer patient serum samples as we seek to identify that group of patients who have the best response to our products. New scientists have been added to help fully explore the further potential of our small molecule drug program. Finally, we have developed arrangements for consulting services with individuals having substantial experience in biologics manufacturing and regulatory compliance.

We expect this year to be even busier for NewLink as we continue to expand. We believe we are taking the appropriate steps in preparing NewLink for the challenges to come ahead in manufacturing, clinical testing, and regulatory compliance. We are also moving towards becoming a more sophisticated pharmaceutical enterprise with multiple product platforms. With this continued growth and success comes the opportunity to explore partnerships with industry leaders that may allow us to pursue even larger goals as we move forward. We're looking forward to 2007 and appreciate your continued support as we make our biggest steps toward our common goals.

Palisade Systems, Inc.

www.palisesys.com

2625 N. Loop Drive, Suite 2120

Ames, IA 50010

515.296.6500 (phone)

515.296.5335 (fax)



Contact

Kurt Shedenhelm, President and CEO

See Fund 3 Investments for detail

Proplannerwww.proplanner.com

2321 North Loop Drive

Ames, IA 50010

515.296.9914 (Phone)

**Contact**

Dave Sly, President and CTO

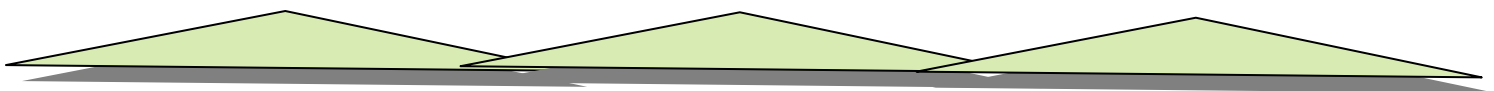
**Proplanner Summary Review
For Ames Seed Capital Annual Meeting
2006 Year End**

In 2006, Proplanner generated revenue of \$669k with expenses of \$603k, resulting in a net profit of \$66k. This compared with revenue of \$318k, expenses of \$706k and a net loss of \$388k in 2005. In 2006, sales increased over 210% or \$351k from 2005. Software made up \$427k or 64% of the total sales for 2006, approximately the same mix as the prior year. The majority of the remaining sales were services (\$194k) and maintenance (\$18k).

2006 experienced 3 times the services revenue as compared to 2005 with substantially less staff. The company is becoming more accepted in the market place and is able to start charging more for its products and services. Most of the services involved directed development, where the customer pays for development of the software for their own needs and then Proplanner uses the improvements in new versions of the software. Q4 was the best quarter ever, bringing in over \$330k (more than all of 2005!) with December being a huge month with revenue at \$217k; almost one third of our entire annual sales.

Major customers included CNH, Oshkosh Trucks, Ford, Chrysler, International Trucks, American General and some Engineering Consulting firms that do work for the auto and truck industry.

Management believes that the company is on track for a profitable Q1 in 2007 (approx. \$250K in revenue) and is forecasting a profitable 2007 with revenues exceeding \$1 Million.



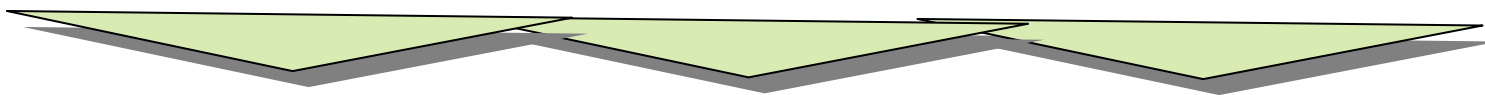
REDEEMED INVESTMENTS

The following Ames Seed Capital LLC investments have been successfully redeemed and distributed to investors:

COMPANY: Engineering Animation, Inc.
 Investment (Fund 2): \$100,000 loan repaid in 2000.
 Comments: Loan repaid along with \$25,437 in interest income.

COMPANY: RocketChips, Inc.
 Investment (Fund 3): \$80,000 Equity
 Comments: Company purchased by Xilinx. Ames Seed Capital LLC received 21,389 shares, with 18,491 shares distributed to investors in June 2001. The 2,898 shares held in escrow were sold (\$41 per share) and the \$119,109.83 in proceeds were distributed to investors in March 2002.

COMPANY: Lincoln Way Energy
 Investment: (Fund 4) \$49,400 total investment for 52 units \$950.00/share
 Comments: 52 units were sold in 3 separate transactions, totaling \$124,800
 Each unit sold netted the ASCF \$1450 and distributed to investors in April, 2007 in addition to \$150 per unit paid to ASCF members in a November 2006 distribution. This was also in addition to the State and Federal Tax Credits that ASCF members received for 2006.



WRITTEN-OFF INVESTMENTS

COMPANY: Reality Sports Entertainment, Inc.
 Investment (Fund 3): \$50,000
 Comments: The initial investment was 50,000 units at \$1.00/share in June 28, 2002. In December of 2006 the ASC Managers voted to write off the Fund 3 investment after the company sent notice of dissolution. \$150 per unit paid to ASCF members in a November 2006 distribution. This was also in addition to the State and Federal Tax Credits that ASCF members received for 2006.



Fund 4 - Investors

Brian Anderson – Knapp Tedesco	Brad Manatt – Manatt’s Inc.
Betty Baudler Horras	Shane Zimmerman – Wells Fargo Bank, NA
Richard Clem	Ron McMillen
Reinhard Friedrich	James & Katherine Melsa – James L. & Katherine S. Melsa JTWROS
Reinhard Friedrich – R. Friedrich & Sons, Inc.	Fredrick Miller
Steve Goodhue – First American Bank	Wayne Moore
Dean Hunziker	Carroll Nikkel
Erben Hunziker – Erben A. Hunziker Revocable Trust	Harold Pike
Richard Johansen	Scott Randall – Randall Corporation
Dick and Gene Johnson	Steven Risdal – Risco
Richard Johnson – Story Construction	John Russell – U.S. Bank, N.A.
Charles Jons – Charles and Carolyn Jons Trust	Jerry Smith
David Klatt – Grand Investors LLC	Joel & Barbara Snow
Daniel Krieger – First National Bank	Mark Speck
Daniel L. & Sharon Krieger – Daniel L. Krieger 2000 Revocable Trust	Roger Underwood
John Langeland	Marvin Walter – Ford Street Development Co., L.C.
James Larson, II – Larson Development Corporation	William Whitman – Antoinette C. Whitman and William
James Larson, II	Chuck Winkleblack
Lee & Patricia Livingston	Bill Woodruff – Woodruff Construction
Warren Madden	

Fund 5 - Investors

Kurt Kuta—Ames Community Bank	Dorothea Lowman
Jerry Smith	Warren Madden
Betty Baudler Horras	Brad Manatt—Manatt’s
Robert J Gelina	Jon Mullenbach
Kim F. Christiansen—Dobiz Foods, Inc.	Carroll Nikkel
Jim Smity—Exchange State Bank	David & Bonnie Orth
Jim Crickon—First American Bank	Harold Pike
Tom Pohlman—First National Bank	Jim Bocken—Ackerman Investments Quality Inn & Suites
Marvin Walter—Ford Street Development Co., L.C.	Scott Randall – Randall Corporation
Kurt / Reinhard Friedrich	John Russell – U.S. Bank, N.A.
Mark Hanson—Hanson Homes	Roger Underwood
Dean Hunziker	Kevin Geis—Valley Bank
Erben Hunziker	Donald Wandling—Wandling Engineering
Richard & Gene Johnson	Mark Speck
Charles Jons	William Whitman – Antoinette C. Whitman and William
Kevin Kinzler—Kinzler Construction Services	Chuck Winkleblack
Daniel & Sharon Krieger	Bill Woodruff – Woodruff Construction
John Langeland	Ken McCuskey
Jami Larson	John D. Shierholz
Lee & Patricia Livingston	

2007 Ames Seed Capital Board of Managers

Jim Crickon

Dean Hunziker

Dick Johnson

Chuck Jons

Dan Krieger

Jami Larson

Lee Livingston

Wayne Moore

John Russell

Steve Schainker, Ames City Manager (ex-officio)

John Shierholz

Roger Underwood

Marvin Walter

Don Wandling

2007 Ames Seed Capital Officers

Chuck Jons, Chair

Jami Larson, Vice Chair

Dan Culhane, Secretary