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DES Is Riding High With New Investors

- **Shackleton Ventures becomes an investor**

Taunton, UK—29th January 2007—Data Encryption Systems Limited (DES), the UK-based leader in software copyright protection, data encryption, secure messaging and data storage solutions, is delighted to announce that it has entered into a new relationship with Shackleton Ventures Limited, a secondaries venture capital firm who specialise in direct secondary venture capital funding. The Shackleton Secondaries LP fund (SSLP) has agreed to purchase DES shares from 3i Group plc. The transaction will complete on 9th February 2007.

Hugh Stewart, Managing Partner of Shackleton, comments: “We are extremely impressed by the talent and experience of DES’ management team. This coupled with a simple yet incredibly powerful product offering, makes the company an obvious investment choice. We see great market potential for DESLock+, the product has received glowing reviews in the media. In addition, DES has a solid base of DESLock+ customers and a growing international presence.”

Since its introduction DESLock+ has appealed to a broad section of the market and as a result has taken DES into a much wider arena. DESLock+ helps organisations to protect against ‘insider threat’ by offering simple, yet extremely powerful, encryption of documents, folders, disks and removable storage media, and computer systems. Today, DES has a wide spread user base and the potential for the product is enormous.

DES has ambitious plans to extend its international reach by recruiting channel partners who have the experience and knowledge to rapidly expand sales of DESLock+, particularly in the small to medium enterprise (SME) market. With the recent appointment of Steve Sharp, new Sales Manager, at the tail end of last year, DES has already signed up 3 new partners. And this activity is set to continue, over the course of 2007, DES plans to aggressively

expand its channel partner base, which in turn will significantly increase the company's revenue.

David Tomlinson, Managing Director, DES concludes: "This is an extremely exciting time for the company, we have large-scale growth plans and we are in a market which is set to explode. The timing couldn't be better and the involvement of Shackleton Ventures will enable DES to ride the crest of this wave. Data encryption has never been as important as it is today and with an experienced venture capital firm now on board we are uniquely positioned to deliver a first-class product to our customers. At the same time we will have the funds to continue to invest in our technology and to innovate the market. But believe me, the hard work starts right now, we have a big job on our hands, but what a fantastic position to be in!"

Notes for editors:

About Data Encryption Systems

Since 1985, Data Encryption Systems has been the UK's most successful manufacturer of software protection dongles, software copyright protection systems, and secure handset reprogramming accessories. Data Encryption Systems markets and supports products used by tens of thousands of businesses worldwide to protect applications, copyrighted materials, medical records, government files and other confidential and personal information. The company's flagship product, DESlock+, has been awarded *SC Magazine's* Best Buy for the third year running. DESLock+ licences, the DESlock+ Administrator's Tool and USB hardware tokens can be purchased at the company's website: <http://www.deslock.com>.

Shackleton Ventures Limited ("Shackleton")

- Shackleton specialises in direct secondary venture capital investments - where Shackleton will buy a portfolio of existing venture investments, or an individual deal, from an investor that is seeking liquidity.
- Members of Shackleton's management team have deep experience in the technology sector, combining many years in the venture capital business with senior management positions in young technology-based companies.
- The Shackleton Secondaries LP fund can draw on investment of up to £20m and is backed principally by a leading European-based fund of funds investor with over €1bn under management.
- The Shackleton Secondaries LP fund is managed by FSA-authorized Shackleton Finance Limited. For further information: www.shackletonventures.com

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