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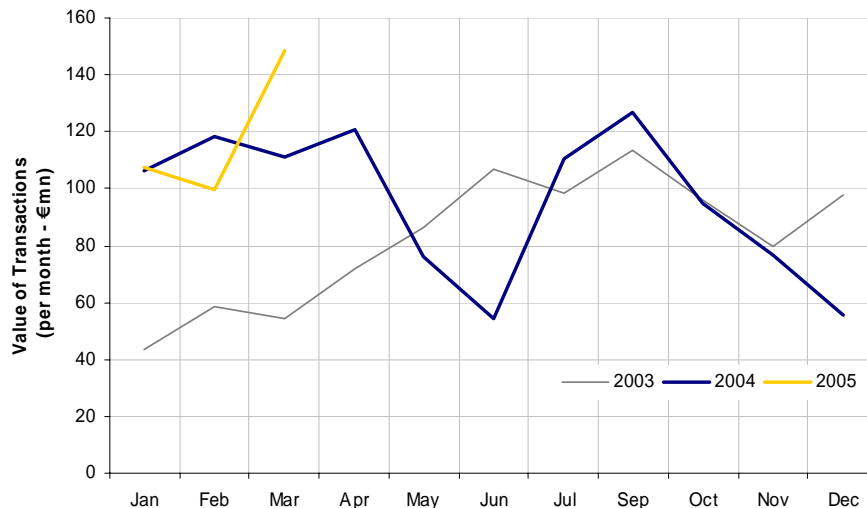
European VC Market Back On Track

***Improved Industry Sentiment is Finally Translating into Funding Action:
Go4Venture's European VC Investment Activity Index up 35% in March 2005 on a
Year-to-Year Basis
Another Year Before Market Is Fully Back To Normal Predicts Go4Venture***

London, April 25, 2005 – Go4Venture, the fund-raising specialist for European technology companies, is hailing the end of the venture capital slump in Europe, based on a sudden jump in its proprietary industry activity indicator. Go4Venture's Headline Transactions Index (the "Index"), a compilation of VC investments in European technology companies as reported in professional publications, rose sharply in March 2005, with a leap of almost EUR 50mn over the value of transactions recorded in the previous month, and equivalent to a 35% year-on-year increase.

Says Ian McLoughlin, Go4Venture's Director in charge of the Index: "EUR 148mn of headline transactions were recorded in March, pushing the Index to its highest ever level since its inception close to three years ago. After a strong start in Q1, 2004 was ultimately a disappointing year, with activity falling back to 2003 levels by the end of the year. During 2004 we noticed sharp monthly ups and downs suggesting a market sputtering to recovery. It is comforting to see that 2005 started at the same level as 2004 and it is now well ahead of where we were in March last year, with a year-on-year increase of close to EUR 40mn, or 35%".

Headline Transactions Index – 2003 to date



European market activity seems to be following the trend first noticed in the US last year, where both investment activity and VC fund-raising levels have now been up for more than a year. Managing Director Jean-Michel Deligny says: "The bursting of the bubble started with the dramatic drop of Nasdaq in March 2000, but it was not until Q2 2001 that reality dawned on all European market participants. Similarly, whereas the US VC market recovered from Q1 last year, it is only now that the European market is getting fully into gear on the way to recovery."

Other qualitative factors suggesting the market is clearly on the mend include:

- A number of European VC funds have completed or are on their way to closing successful fund-raising, most recently Banexi Ventures, Wellington Partners, Index Ventures, Sofinnova Partners, Advent Venture Partners and Benchmark Capital. This demonstrates that, rather than writing off European VC as an asset class, Limited Partners are instead showing discrimination, and favouring European VCs with established track records and critical mass.
- Public markets are showing signs of revival, with London's Alternative Investment Market (AIM) welcoming a number of high technology entrants in Q1 2005 and Euronext's AIM equivalent Alternext making its debut in May 2005.
- European VCs have enjoyed a series of successful exits, most recently with Banexi and Innovacom selling Inventel to Thomson for a rumoured EUR 100+ mn valuation.

In terms of actual fund-raising conditions, Go4Venture is reporting greater interest and improving terms. Says Deligny: "We see more appetite for deals, with VCs slowly relaxing their stringent criteria, and more readiness to look at early-stage situations. On the other hand, as activity picks up, we are starting to see bottlenecks in VCs' ability to process deals, which makes it all the more important for entrepreneurs to make sure their investment proposal gets to the top of the pile".

Adds McLoughlin: "The more punitive terms, particularly with regard to liquidation preferences, have pretty much disappeared, and it seems that the European market has now evolved fairly standard terms which everybody is prepared to sign up to. From a pricing standpoint, the outlook is brighter for Series A, but VCs are fiercely resisting price pressure for later stage companies."

According to Go4Venture, contrasting pressures, both between renewed investment interest and an ability to process deals, and between price resistance and competition among VCs, will take some time to work out. As a result, Go4Venture does not expect a return to a normalised market until 2006. Says Deligny: "We expect eventually a more even balance of power between entrepreneurs and investors, translating into shorter fund-raising times of six months or so from start to finish, with entrepreneurs having various options to consider. Except for the most outstanding investment opportunities, we're not quite there yet".

About Go4Venture

Go4Venture (www.go4venture.com) is a London-based independent corporate finance advisory firm focused on providing equity private placement and M&A services to Europe's leading technology companies and their investors. Set up in 2001 by Jean-Michel Deligny, a former Head of European Technology Corporate Finance at UBS, the company has completed six fund-raising transactions in the last two years, including a ground-breaking deal for Zurich-based esmertec (www.esmertec.com), a world leader in Java technologies for mobile phones, for which Go4Venture raised a EUR 23.5mn third-round in October 2003 - at the time, the largest fund-raising in the European software sector for the previous 18 months.

About Go4Venture's Headline Index

Go4Venture's European Technology VC Headline Transactions Monthly Index® is an index compiled by Go4Venture on a monthly basis as an early indicator of the evolutions of the market for VC funding for European information technology companies. The Index tracks the deals reported in major publications and news feeds. The Index is updated monthly and available on the Go4Venture web site.

The Index is also published as part of Go4Venture's Monthly VC Briefing, a monthly publication available on request.

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