



Monthly European Technology Venture Capital Bulletin

May 2006

The Go4Venture Monthly Venture Capital Bulletin is a publication commenting on the latest results from our European Technology VC Headline Transactions Index®.

Go4Venture's European Tech VC Headline Transactions Index is based on the number and value of transactions reported in professional publications. The Index is compiled on a monthly basis as an early indicator of the evolution of the market for venture capital funding for European information technology companies.

For more details please refer to the Methodology Note available at www.go4venture.com/resources/hti.htm

About Go4Venture

Go4Venture is a London-based corporate finance Consultancy firm focused on providing European technology entrepreneurs and their investors with impartial advice to help them develop and execute growth strategies.

Our services encompass:

- Strategic information and valuation
- Financing strategies
- Buy and build strategies
- Exit strategies (trade sale and IPO Consultancy)

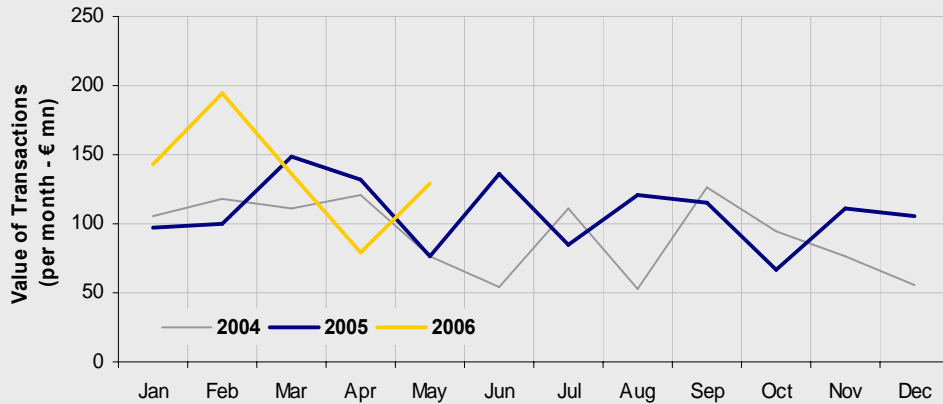
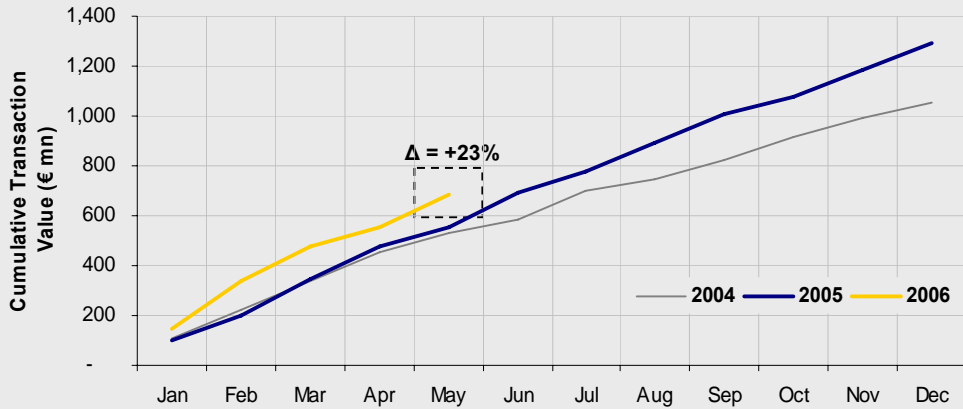
We are particularly well-known for our international equity private placement services, where we have developed a reputation second to none in Europe among international VCs.

May recovered after the quiet months of March and April

One of the busiest months with 7 deals

Semi-conductors and Telecoms were quite active this month

Headline Transactions Index



- There was considerable activity during the course of May, with investment totalling €129 million.
- The number of headline deals increased to seven, the highest since February.
- On a cumulative basis the index is still well ahead compared to the same period last year (€683 million this year May, as compared to €583 million in May 2005). Overall this year is ahead by 23.6% compared to the same period last year.
- Accel Partners, Sofinnova and Ventech have each invested in at least 2 deals during the course of May.
 - Accel Partners committed funds to WeeWorld and Swift-Find.
 - Sofinnova (Partners & Ventures) invested in Crocus Technology, Viaduc and QuNano AB.
 - Ventech participated in the fund-raising rounds of Crocus Technology, Nemoptic and Viaduc.

Top Headline Transactions

7 deals above our usual €7.5mn threshold

Company	Sector	Series	Size €mn	Description	Participants
Crocus Technology (France) www.crocus-technology.com	Semi-conductors	A	14.0	Developers of magnetic random access memory technology	Ventech Sofinnova Ventures and Partners AGF Private Equity CDC Enterprises Innovation
Cavendish Kinetics (Netherlands) www.cavendish-kinetics.com	Semi-conductors	B	12.1	Developer of micro-electromechanical systems (MEMS) devices.	Tallwood Venture Capital Wellington Partners Venture Capital Amadeus Capital Partners Celtic House Venture Partners Clarium Holdings Generics Asset Management Torteval Investments Trustees of SHIO University of Cambridge
WeeWorld (UK) www.weeworld.com	Internet Services	B	12.1	Provider of a mobile community portal	Accel Partners Benchmark Capital Europe
Firecomms (Ireland) www.firecomms.com	Telecom hardware	C	9.6	Provider of photonic communications solutions that enable optical data transmission and data capture using visible light.	ACT Venture Capital Alps Electric North America Atlantic Bridge Ventures
Sphere Medical Holding Ltd (UK) www.spheremedical.com	Semi-conductors	B	9.1	Provider of micro-sensors for use in medical devices.	Artemis Ventures Generics Asset Management Herald Ventures Hotbed Oxford Capital Partners SV Life Sciences Fritas Schroeder Investment Management
Nemoptic (France) www.nemoptic.com	Hardware Equipment	Later	9.0	Provider of liquid crystal displays (LCD).	Alven Capital Auriga Partners CDC Entreprises Innovation Financiere De Brienne LC Capital Societe Generale Asset Management Ventech
SolarCentury (UK) www.solarcentury.net	Semi-conductors	A	8.0	Provider of solar photovoltaics	VantagePoint Venture Partners Scottish and Southern Energy

Note: **Bold** indicates lead or co-lead investor(s)

- **Crocus Technology (France)**, a developer of thermally assisted non-volatile Magnetic Random Access Memory (MRAM), successfully achieved the closing of its Series A fund-raising. They managed to raise €14 million with Sofinnova Ventures taking the lead, and AGF Private Equity, CDC Enterprises Innovation, Sofinnova Partners (the Paris-based affiliate) and Ventech joining in.

Top Headline Transactions (cont.)

This fund-raising follows a number of others where Sofinnova Ventures (the San Francisco-based fund) and Sofinnova Partners (a separate Paris-based fund) have joined forces. It is also typical of some of the Series A emerging from France, based on strong technology deal-flow coming from universities and research institutes. In this particular instance Crocus was spun-off in April 2004 from Spintec, a research laboratory specialising in electronics from the Grenoble (South-East of France) area. Among the investors, it is worth highlighting Ventech, a Paris-based venture firm set up in 1998 and managing close to €200 million invested in both IT and life sciences.

- **Cavendish Kinetics (Netherlands)**, a semiconductor IP company developing ultra low-power non-volatile memory technology which can be integrated into standard CMOS processes, has raised a €12 million Series B round of VC funding co-led by Tallwood Venture Capital and Wellington Partners. Celtic House Venture Partners, the lead investor of the first round, as well as the other investors from the Series A, also participated. This new round of funding will be used to continue development of its Nanomech™ technology, and expand its market presence among Integrated Device Manufacturers (IDMs), fabless semiconductor companies, and CMOS foundries.

Cavendish Kinetics is an example of a successful Micro-Electro-Mechanical Systems (MEMS) company. It has patented a micro machined, non-volatile embedded technology which it claims outperforms traditional pure silicon-based memories for a range of applications. The other unusual feature is that the company is a pure IP play, something not so common in the semiconductor industry (other names which spring to mind include ARM and ARC). The company was originally spun off from Cambridge University and has taken over a decade to develop and patent its technology.

- **WeeWorld (UK)**, a developer of online visual identities, what some refer to as avatars, has raised €12.1 million in a Series B financing from Accel Partners and Benchmark Capital Europe, following a first “multi-million” financing with Benchmark in March last year. Weeworld’s Weeme technology allows users to create a cartoon version of themselves, and locate others based on location, age, gender and other criteria. WeeWorld already have a customer base of 3.5 million users in the UK alone, who have created more than 6 million Weemes. The Weeme technology is integrated with several web sites such as Friends Reunited, MSN and Vodafone. The investment will be used to expand into more territories.

Top Headline Transactions (cont.)

Weeworld is an interesting investment by many accounts. First of all, this is a good example of the blurring of boundaries between the internet and the mobile worlds since this is a service (and technology) aimed squarely at both. Secondly, Weeworld scales its model by relying on partnerships with other sites and mobile operators to recruit customers (although there is little evidence of such partnerships when you go to the partners' web sites). Finally, there is a certain amount of hype: this is a company which has been going on since 1999 and in fact, when you dig into the history it went through its first institutional funding with a private investors group, Interactive Telecom Solutions, in 2001. It is also worth pointing out that Benchmark Capital Europe made another internet related investment in the same month, this time \$15 million in a US-company Beebo, a social networking site for school, college and university students. Clearly Benchmark Capital Europe are following their US colleagues in focusing on internet plays.

- **Firecomms (Ireland)**, have secured a Series C €9.6 million investment deal with new and existing shareholders. The round was led by ACT Venture Capital of Ireland, which was joined by Alps Electric North America, a strategic investor, and existing VC Atlantic Bridge Ventures. Firecomms develops light sources and detectors which make possible the use of plastic optical fiber used in high bandwidth, low-cost data links for consumer, automotive and medical technology applications.

Firecomms was initially seed funded in 2001 by Mentor Capital, the corporate venturing arm of Irish IT services company Mentec. Atlantic Bridge Ventures ("ABVen"), who also supported the company, is a relatively new comer among European VCs. Currently closing its first fund (already €50 million have been committed), ABVen was set up by a group of high profile Irish entrepreneurs, but aims to operate on a pan-European basis. Thanks to the operational background of its partners, ABVen represents a new breed of European funds, with hopefully a much stronger ability to assist entrepreneurs in growing their companies.

- **Sphere Medical Holding Ltd (UK)**, a provider of disposable microsensors for use in medical devices, has secured a Series B round of funding for €9.1 million. The new round of funding will be used to complete the development of microchip-based disposable diagnostic products targeted at applications in operating rooms and intensive care units. Sphere's technology is based on IP originally acquired by Siemens and developed with the support of Siemens Technology Accelerator, its internal ideas incubation unit.

Sphere Medical has attracted close to €15 million in funding to date, with eight VCs and funds participating, including some well-known names such as Generics, Herald Ventures, Hotbed and Oxford Capital Partners, but also Artemis Ventures, Fritas A/S and funds managed on discretionary basis by Schroeder Investment Management Limited.

Top Headline Transactions (cont.)

- **Nemoptic (France)**, which develops low-energy consumption bistable liquid crystal displays, has raised €9 million in a fifth round of funding which will enable the company to move its LCD module design to production stage.

Given this potentially huge market, the whole area of low-consumption displays has generated considerable interest, with various technologies and companies vying for prime time. Nemoptic is one of the contenders, with close to €40 million raised (including this new round). The investment circle includes close to 10 French VCs, including Alven Capital, Auriga Partners, CDC Enterprises Innovation, Financiere De Brienne, LC Capital, SGAM and Ventech.

- **SolarCentury (UK)**, has completed a €8 million Series A round of funding with American VC VantagePoint and existing investors Scottish and Southern Energy, one of the largest UK electricity distributors. SolarCentury designs, installs and maintains tailor-made solar photovoltaic solutions for homes and other buildings. This initial round of funding will enable the company to accelerate its transition from a design and distribution model to designing and installing its own products.

This is an unusual example of a Series A (at least first VC institutional round) led by a VC from a different geography, in this particular instance VantagePoint. VantagePoint is a bluechip US fund with a strong cleantech investment focus. SolarCentury is VantagePoint's first investment in Europe, if one excludes their previous July 2004 investment in MagInk Display in Israel, and an unfortunate 2000 foray in Imoeuro, a Dutch provider of e-business solutions now out of business.

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