



Monthly European Technology Venture Capital Bulletin

July 2009

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/research/hti.htm.

About Go4Venture

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

Our services encompass:

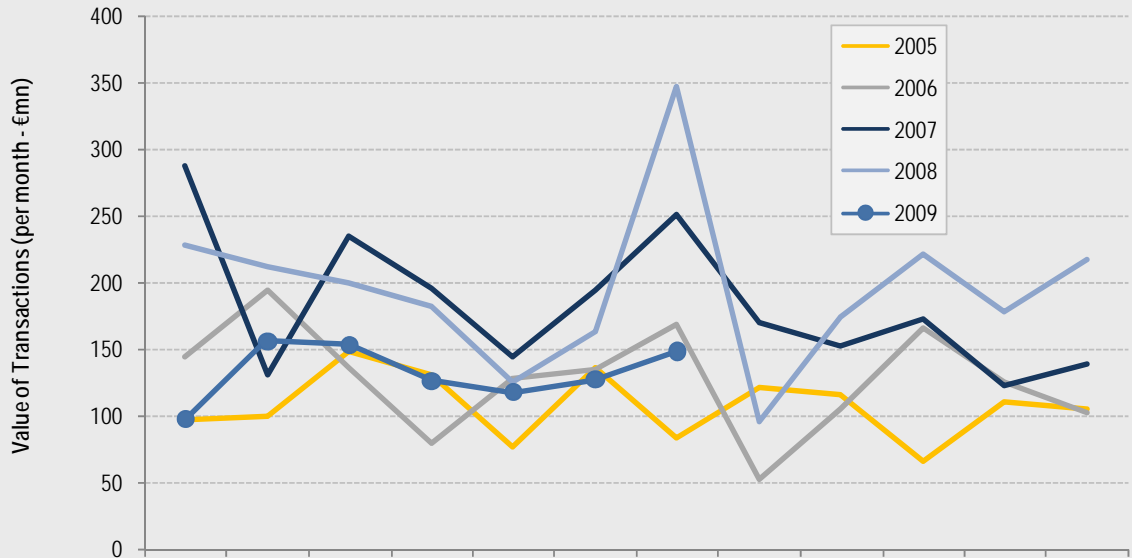
- Financing strategies
- Buy and build strategies
- Exit strategies (trade sale and IPO advisory)
- Strategic advisory and valuation

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.

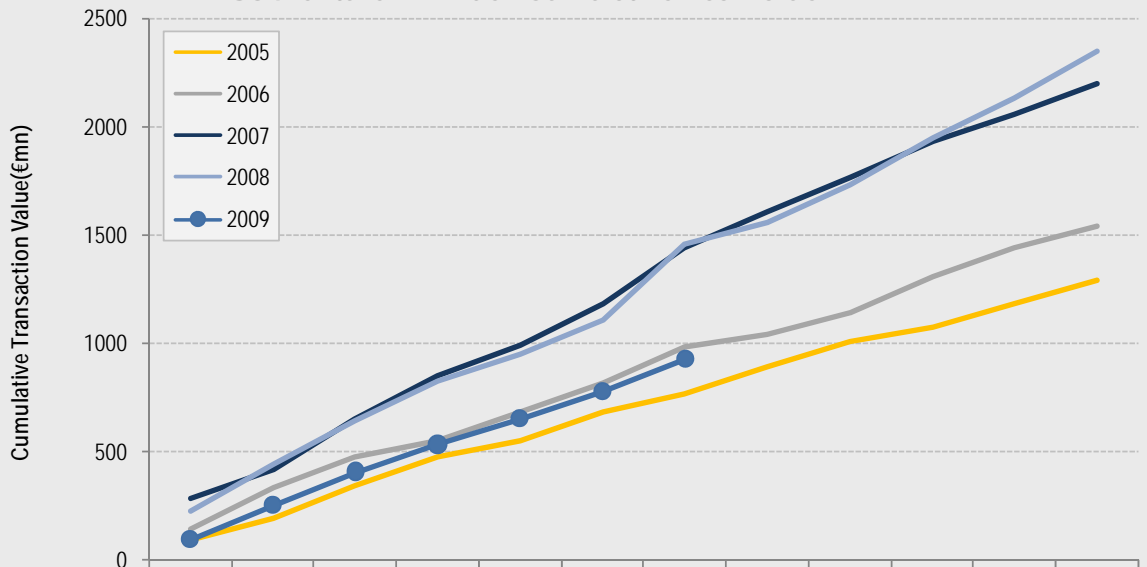
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Go4Venture HTI Index by Deal Value



Go4Venture HTI Index Cumulative Deal Value



- For our July 2009 Headline Transaction Index (HTI), we tracked 29 investments with a total of €153mn. This compares to 39 deals for the same month last year, for a value of €347mn, representing a drop in value of 56%. The difference may appear to be on par with the one month decrease on a year-over-year basis seen in January 2009 (-57%), however if we take into consideration that the largest deal tracked in 2008 occurred in July, Sulfurcell Solartechnik's €85mn Series C round, the difference appears less severe. Without Sulfurcell Solartechnik, the total amount of funding in July 2009 is down 41% when compared to the same month last year.

- The total amount of venture funding year-to-date as of July 2009 was €932mn, down 36% from €1,459mn at this point last year. The YTD index was down 30% in June.
- In July 2009, we tracked seven large (\geq €7.5mn, £5mn, or \$10mn in funding) deals versus 16 headline deals in July last year, which was a record in the history of the HTI. Frequently July is the highest tracked month of the year in terms of number of deals (2004, 2006, 2008), and in 2008 we saw a particularly exaggerated effect. This year it appears the economic conditions stifled the usual pre-holiday deal announcement flurry. So far, May has been the highest month this year with eight large transactions in a single month.
- One company this month, fuel cell supplier Intelligent Energy, announced a round sufficiently large enough to be considered what we term 'landmark' (\geq €20mn in a single transaction). This compares to three deals of this rank in July 2008, consistent with the lower number of large deals outlined above and indicative of the more conservative funding environment.
- Early stage investing continues to take a beating. Two of the companies announcing Series A rounds, Just-Eat and RES Software, are eight and ten years in existence respectively. The two are relatively well-established in their markets and both rounds are, in essence, expansion capital. The other Series A company, pico projection developer Light Blue Optics, was founded in 2004. While relatively younger, it is positioning its €10.5mn round announced in July 2009 as an extension to its €22mn Series A round raised in September 2007, almost two years ago. Sounds strangely like a Series B.

Top Headline Transactions

Ordered by decreasing deal size

Company Name	Sector	Round	EUR (mn)	Description	Investors
Intelligent Energy (UK) www.intelligent-energy.com	Cleantech	D	21.0	Developer of fuel cell and hydrogen generation technologies	Undisclosed new and existing investors
Nanoradio (Sweden) www.nanoradio.com	Hardware	D	12.5	Fabless provider of low-power WiFi networking chipsets	Creandum, Ferd Venture, Industrifonden, Innovacom, Nordic Venture Partners, Teknoinvest, Viking Venture
Just-Eat (UK) www.just-eat.com	Internet Services	A	12.4	Online takeaway food service	Index Ventures , Venrex Investment Management, Existing Shareholders
Light Blue Optics (UK) www.lightblueoptics.com	Hardware	A	10.5	Developer of miniature laser-based holographic projection systems	Robert Bosch Venture Capital , 3i, Capital-E, Earlybird Venture Capital, NESTA
Elbee (France) www.delamaison.fr	Internet Services	B	10.0	Online home furnishing service focused on the French market	NextStage, OTC Asset Management, XAnge Private Equity
RES Software (Netherlands) www.ressoftware.com	Software	A	8.7	Provider of end-user management software for virtualised environments	Update Partners
Powervation (Ireland) www.powervation.com	Cleantech	B*	7.0	Fabless semiconductor company specialising in ICs for energy control and management	Fourth Level Ventures, Intel Capital, Scottish Equity Partners, Venture Tech Alliance

Source: Go4Venture

* Internal round

Bold indicates lead investor(s)

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
Intelligent Energy (UK) www.intelligent-energy.com	Cleantech	D	21.0	Developer of fuel cell and hydrogen generation technologies	Undisclosed new and existing investors

- **Intelligent Energy (UK)**, a developer of fuel cell and hydrogen generation technologies, **raised €21.0mn (\$30mn) in Series D funding by undisclosed new and existing investors.** Founded in 2001, the Company is headquartered in Loughborough, UK with an office in Long Beach, USA. In 2006, it was voted as a technology pioneer at the World Economic Forum in Davos.

Intelligent Energy primarily develops and produces fuel cells based on a proprietary version of Proton Exchange Membrane (PEM) technology, which boasts higher power density and lower cost of fabrication among its advantages over other fuel cell systems. Intelligent Energy's technology was acquired through the 2001 purchase of Advanced Power Sources (APS), a company spun out of Loughborough University. The Company has a joint venture with Scottish & Southern Energy to commercialise fuel cell combined heat and power (CHP) systems, and the Suzuki Motor Corporation as a major customer which uses Intelligent Energy fuel cells in its Crosscage motorcycle. Intelligent Energy is also behind Peugeot Citroen's H2Origin hybrid delivery vehicle, and a Boeing fuel cell-powered aircraft prototype.

Fuel cells have traditionally had high costs owing to the expensive catalysts, traditionally platinum, that are essential for the energy conversion process. Improved designs and the discovery of cheaper alternatives to platinum have increased efficiency while reducing costs from an average of \$1,000 per kilowatt in 2002 to \$73 per kilowatt in 2008 (US Department of Energy), accelerating adoption. Other fuel cell companies such as P21 (profiled in our May 2009 HTI newsletter) and Electro Power Systems both focus on back-up power applications, highly suited to fuel cells owing to the fact that they are independent power sources. However fuel cells are also interesting for transportation, a target market for Intelligent Energy, where they offer clean energy generated from hydrogen with water as the only bi-product.*

Building new power sources such as fuel cells takes a lot of capital, and this \$30mn round follows only a year after the Company raised \$13.6mn in its Series C. In total, Intelligent Energy has raised over €90mn, most notably from Meditor European Master Fund (undisclosed assets under management), part of the Bermuda-based hedge fund Meditor Group, and London-based asset manager F&C (€104bn assets under management). Intelligent Energy has already indicated it is raising more - at the end of its press release the Company states that this Series D will be followed by an open offer to all existing shareholders later in the year.

* Electro Power Systems was advised by Go4Venture on this fundraising round.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
Nanoradio (Sweden) www.nanoradio.com	Hardware	D	12.5	Fabless provider of low-power WiFi networking chipsets	Creandum, Ferd Venture, Industrifonden, Innovacom, Nordic Venture Partners, Teknoinvest, Viking Venture

- **Nanoradio (Sweden)**, a fabless provider of low-power WiFi networking chipsets, **has raised €12.5mn in Series D funding from two new investors, Creandum and Viking Venture, as well as current investors Ferd Venture, Industrifonden, Innovacom, Nordic Venture Partners and Teknoinvest.** The Company had previously raised a total of €41mn. This fourth round of investment is intended to fund Nanoradio through a growth phase and the launch of a new product line.

Founded in 2004, Nanoradio specialises in low-power WiFi networking components for portable electronic devices, predominantly mobile phones, cameras and personal media players. The Company's management team is almost entirely ex-Ericsson employees. Its most recent innovation is the NRX700/2 Wi-Fi chipset which couples high speed wireless access with ultra-low power consumption in portable electronic devices.

WiFi, unfortunately, puts strain on the battery for personal electronic devices, and consumers who have this functionality have largely adopted the habit of disabling WiFi when it's not needed to preserve their device's battery life. Nanoradio's new 'WiFi Always On' NRX700/2 chipset solves this problem by effectively doubling the standby and talk time of a mobile phone when compared to standard WiFi-enabled phone offerings.

The desirability of this feature is increasing in significance as users want to connect their various devices to their home networks to share and upload information (pictures, videos, etc.) easily. In addition, the market for dual-mode 'location-aware' phones is set to increase in the future. These phones can automatically switch from the user's mobile network to an available WiFi network when the user crosses from one 'pool' of signal to another, with significant cost savings implications.

New Nanoradio investor Viking Venture (\$141mn under management) is based in Norway and invests in technology-focused Nordic companies, typically whose products are ready for commercialization. Interestingly, the other new investor in this round, Creandum (€120m under management), explicitly states it is an early stage investor. This decisive step into a Series D round may indicate a change of pace for the firm, but is not completely surprising given the current fundraising shift towards later-stage investment.

Nanoradio's existing investors all returned for this round, including Ferd Venture (€128mn under management), who led Nanoradio's Series C, Industrifonden (€53mn under management), Innovacom (€589mn under management), Nordic Venture Partners (€320mn under management) and Teknoinvest (€100mn under management).

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
Just-Eat (UK) www.just-eat.com	Internet Services	A	12.4	Online takeaway food service	Index Ventures, Venrex Investment Management, Existing Shareholders

- **Just-Eat (UK)**, the online retailer of takeaway food, **has raised €12.4mn (£10.5mn) of Series A funding led by Index Ventures, with Venrex Investment Management and existing shareholders participating.** Currently Just-Eat's service is currently available across 6,000 restaurants in Belgium, Denmark, Holland, Ireland and Sweden and the Company facilitates more than one million orders for takeaway meals per month throughout Europe. New funding will be used to further expand its franchise in Europe.

Originally founded in Denmark, Just-Eat offers customers the ability to order their takeaway food of choice from multiple restaurants via the website, and pay by credit/debit card online or in cash upon delivery or collection. At the heart of the service is a patented all-in-one device which the company terms 'JCT' – JustConnectTechnology. JCT uses WiFi to receive orders and transmit delivery information, has a built-in printer, and only requires an electricity supply for installation at the restaurant. On the other side of the transaction, customers can view order acceptance and delivery times, and can rate restaurants.

One effect of the global economic downturn has been that people are spending less on obvious luxuries like dining out, but compensating with the occasional 'treat' of ordering takeaway for home delivery. From a restaurant's perspective, the problem with receiving orders for takeaway food is one of staffing resource and efficiency: it is a slow process prone to error. Although larger franchises have the resources to build their own web-based ordering systems, smaller restaurants still largely struggle with the concept of a web presence that extends beyond a static image of the menu. Accordingly, the majority of the Just-Eat network restaurants are local, independently-run businesses which now have a way to reach and market to a much wider audience. The Just-Eat technology could very easily be rolled out beyond the restaurant sector to other hyper-local consumer markets which rely on 2-way communication, i.e. making appointments for a haircut or beauty treatments, booking taxis, placing orders either for delivery or collection from local stores.

While this may appear to be a 'true' early stage company, Just-Eat has actually been around for more than eight years, having been funded by private angel investors since 2000. Lead investor Index Ventures (€1.9bn assets under management) is well-known for its lucrative exits including Skype (the pioneering voice-over-IP company acquired by eBay); MySQL (open source database recently acquired by Sun) and Last.fm (social music platform acquired by CBS).

Also supporting this round, Venrex Investment Management (undisclosed assets under management) is a private investment firm whose existing portfolio includes Smythson and high growth luxury and gift businesses such as Astley Clarke, so it appears that with its investment in Just-Eat, Venrex is setting its sites on more 'economy-friendly' business models in accordance with the times.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
Light Blue Optics (UK) www.lightblueoptics.com	Hardware	A	10.5	Developer of miniature laser-based holographic projection systems	Robert Bosch Venture Capital, 3i, Capital-E, Earlybird Venture Capital, NESTA

- **Light Blue Optics (UK)**, a developer of miniature laser-based holographic projection systems, **has raised €10.5mn (\$15mn) in funding led by new investor Robert Bosch Venture Capital (RBVC)**, supported by existing investors 3i, Capital-E, Earlybird Venture Capital and the National Endowment for Science, Technology and the Arts (NESTA).

Using holographic lasers, the Company's patented technology delivers 2D video display images that remain focused at all distances and has applications in the automotive sector, such as projection of dashboard or GPS data onto windscreens, and aviation as well as consumer electronics and indoor digital signage. The Company's first product, a projection engine that can be integrated into a 'pico' (handheld or pocket) projector accessory, will be released in Q4:09. Light Blue Optics, also known as LBO, was founded in 2004 after being spun out from the University of Cambridge and still maintains its headquarters in the University town. It has 35 employees and a development facility in Colorado Springs, USA.

Consumer demand for handheld devices capable of capturing and displaying high definition digital content (pictures, games, video, etc.) has led to the increasing demand to use them as the source for presentations or to have multiple people view and interact with content. Pico projection technology has evolved to address this issue with the goal of making optical modules small enough so that they can be integrated into these devices.

LBO's laser-based approach to pico projection offers advantages over more common LED-based solutions such as improved visual clarity and brightness as well as the ability to project images onto curved or angled surfaces without distortion. LBO's key benefit, however, is that infra-red sensors can be integrated which transforms the projected image into a touch-sensitive display on any surface. Competitors in this space include US-based Microvision, which is working on its own focus-free laser system, and Korean giant Samsung which has already embedded a traditional optics-based projector into a mobile phone.

The round is being positioned by LBO as an extension to its €22mn Series A round raised in September 2007, which usually means these days a follow-on flat round. The Company's September 2007 Series A was hailed at the time as the largest Series A in the European electronics sector since 2000, but in fact followed an initial funding round of €3mn (courtesy of 3i) in July 2006. For this round, Robert Bosch Venture Capital (RBVC), the VC arm of automotive and industrial technology giant Robert Bosch GmbH, makes its debut in our HTI, which is its second investment to date. Despite being launched in late 2007 with €200mn in committed funds, RBVC waited until 2009 to begin making investments presumably as it built up a team of industry experts. The round also sees the return of all of the Series A investors including 3i (€14.7bn under management), Capital-E (€48mn under management), Earlybird (€428mn under management) and UK-government backed NESTA.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
Elbee (France) www.delamaison.fr	Internet Services	B	10.0	Online home furnishing service focused on the French market	NextStage, OTC Asset Management, XAnge Private Equity

- **Elbee (France)**, an online home furnishing service focused on the French market, **raised €10mn in a Series B round financed by existing investors OTC Asset Management and XAnge Private Equity, together with newcomer NextStage.** The funds will be used to expand the product range, develop services (the Company recently brought part of its logistics in-house with the acquisition of its own warehousing facility), and further international expansion. Elbee had estimated 2008 revenues of €15mn compared to €3mn in 2007, and offers 25,000 items for sale from 250 brands and manufacturers.

Started in 2005, Elbee operates the web site www.delamaison.fr as well as home decoration accessories specialist www.decoclico.fr, acquired in December 2008. Delamaison's positioning is deliberately upmarket, selling in-season goods in cooperation with manufacturers and brands, with a high level of service and a price matching guarantee. As of June 2009, Delamaison had 2.1mn Unique Visitors per Month (UVM), with a customer base numbering approximately 200,000 and an average basket of €160.

Online ecommerce for home furnishings is generating quite a lot of attention, and not only in France. UK-based myDeco, led by a high-profile team made of ex-Lastminute.com executives under the leadership of CEO David Kelly (former COO of eBay Europe) and Executive Chairman Brent Hoberman, raised €6.8mn in seed funding led by Spark Ventures in February 2008 followed by another €9.3mn just 7 months later led by Paris-based investor Sofinnova Partners (reported in our February and September issues respectively). Other similar financings in France include myFab, a direct order factory-to-customer site, which raised €2mn from Alven Capital in January 2008 followed by a €5mn round in June 2009 with BV Capital. Given the revenue growth trajectory of these businesses, we expect home furnishings start-ups to be financed across European geographies in a similar fashion to the hugely successful private sale market, where recent investment rounds include brands4friends (Germany), BuyVIP (Germany/Italy/Spain) and Privalia (Brazil/Italy/Spain) covered in our November 2008, April 2009 and May 2009 HTI issues respectively.

Some of Elbee's investors may not be so familiar to our readers. XAnge is a private equity management company initiated in 2003 by La Poste, the French state-owned postal service which engages in both venture capital investment (XAnge Capital, €65mn assets under management) as well as private equity (XAnge Private Equity, €160mn assets under management) in the form of ten Fonds Communs de Placement dans l'Innovation (FCPI), the French version of the UK Venture Capital Trusts, i.e. funds which are collected from retail investors on the back of associated tax benefits. OTC Asset Management is another independent management company with a range of FCPIs and other tax-incentivised investment products with total assets under management of €115mn. NextStage (€220mn assets under management) is a growth equity investment company with a variety of tax-incentivised funds focused on innovation and local French investment in small and medium enterprises.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
RES Software (Netherlands) www.ressoftware.com	Software	A	8.7	Provider of end-user management software for virtualised environments	Updata Partners

- **RES Software (Netherlands)** a provider of end-user management software for virtualised environments, raised **€8.7mn (\$12.5mn)** in a **series A round from Updata Partners to finance further growth**. Started in 1999, the Company has over 2,500 customers globally, including La France Mutualiste, O'Neill, and Scottish and Southern Energy.

The Company's flagship product, RES PowerFuse, focuses on user workspace management and ensures an end-user has personalised, consistent settings (user identity, security settings, location, permissions) across applications whether delivered locally or through application virtualisation provided by VMware Virtual Desktop Infrastructure (VDI), Citrix (XenApp, XenDesktop) or Microsoft Windows Terminal Services. Through a single management console, IT departments can compose, deliver and manage end-user workspaces. PowerFuse is offered in three formats: Express (a limited-use version downloadable free of charge but limited to 100 concurrent users), Standard and Enterprise. RES also recently launched another product, RES Wisdom, which provides change and configuration management for Windows-based workstations.

RES Software was initially founded to focus on workspace management for companies using Citrix for application virtualisation, but has expanded its capabilities to work with Microsoft and VMware as well. Citrix, Microsoft and VMware are widely known as the three kings of the virtualisation world, and by working with all of them RES Software not only provides itself protection for its own revenue stream, it also reflects the increasing heterogeneity of the corporate enterprise infrastructure. RES further maintains its flexibility and reduces its own cost model by selling its products through certified partners who specialise in deploying virtualisation services across the three major vendors.

VDI (a term coined by VMware) is the new kid on the virtualisation block and hence is getting a lot of attention as IT departments increasingly look at virtual machines (server virtualisation) in order to reduce server computing costs. Server virtualisation consolidates servers to make optimum use of capacity across multiple clients and geographies, thereby reducing costs. VDI hosts a desktop operating system within a virtual machine, and is an alternative to the server-based computing model used by Citrix and Microsoft Terminal Services.

This round is typical of the 'Series A in name only' that we are seeing in this later-stage focused environment. RES Software was formed ten years ago and is profitable, but by raising this round the Company can expand more deeply across its sector, especially the lucrative American market. Virginia-based Updata Partners (€390mn assets under management) is a well-suited partner for RES, since it is not only located in the US (where RES can leverage the firm's network), but also is specifically focused on growth stage, expansion capital investments in software and technology-driven business services companies.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
Powervation (Ireland) www.powervation.com	Cleantech	B	7.0	Fabless semiconductor company specialising in ICs for energy control and management	Fourth Level Ventures, Intel Capital, Scottish Equity Partners, Venture Tech Alliance

- **Powervation (Ireland)**, the fabless semiconductor company specialising in integrated circuits (ICs) for energy control and management, **has raised €7.0mn (10.0mn) in a Series B round from existing investors Fourth Level Ventures, Intel Capital, Scottish Equity Partners, and Venture Tech Alliance.** Powervation previously raised \$10mn in a first round of funding (not including earlier seed and bridge rounds) in November 2007 and has offices in Limerick, Ireland, Palo Alto, California, and Taipei, Taiwan. Many of the Company's key executives, including CEO Antoin Russell, used to work at Power-One (NASDAQ: PWER) a publicly-listed power conversion and management solution provider.

Powervation's technology was in development for four years at the Circuits & Systems Research Centre (CSRC) at the University of Limerick before the Company was spun out, raising first funding in 2006. Powervation's products digitally manage the delivery of energy for chips, and offer energy savings of up to 30 percent versus analog delivery systems. The Company's 'Auto-control' algorithms perform cycle-by-cycle optimisation of output voltage for chips and automatically adjust loop compensation to guarantee stability, enabling the system to consistently operate at peak efficiency. Powervation released its first digital power conversion IC, the PV3002, in May 2009, which can be configured to provide one or two phase operation and can be deployed in multiples for load sharing.

As more computing and software applications move to 'the cloud', companies face the problem of rising electricity and other associated system costs. An innovation like the PV3002 which has the potential to reduce total cost of ownership is very timely indeed. Therefore it is no surprise that Powervation targets markets where a more efficient power supply is a key competitive differentiator, such as computing, networking and storage.

That one of the Company's lead investors is Intel Capital (€940mn under management), the venture arm of the Intel Corporation, is a clear indication that Powervation's pioneering IC will have significant impact on the computing enterprise. Other participants in Powervation's Series B include other first round investors, including Dublin-based Fourth Level Ventures (€24mn under management), an investor that specialises in commercialising academic research, as well as Scottish Equity Partners (€441mn under management) and VentureTech Alliance (€137mn under management). Scottish Equity Partners, also known as SEP, focuses on the energy, IT and healthcare sectors and does not favour any particular stage (early, late) to make its investments. Other energy-related investments we have profiled for SEP in the past include ARKeX (July 2008 HTI), an oil and gas exploration technology company. VentureTech Alliance is based in the US and Taiwan and focuses on early and mid-stage investments in the semiconductor space.

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