

The Canadian venture community witnessed another exciting and busy week. A total of seven companies reported raising over \$ 84.8 MM. **Liquid Computing Corp.**, a company focused on developing a new class of computing server, secured US\$ 14 MM in a Series A financing. Participants in the latest round included VenGrowth Capital, ATA Ventures, BDC Ventures, Export Development Canada, Axis Capital and individual investors. Meanwhile, **Klocwork Inc.**, a software solutions provider with offices in Canada and the U.S., received US \$10 MM in Series C financing that was led by Mobius Venture Capital and was joined by Pequot Ventures, U.S. Venture Partners, and Cisco Systems. The new funds are earmarked to expand operations and customer support. Waterloo-based **Agile Systems Inc.**, a company that designs, manufactures and markets advanced digital power and control solutions for the automation, vehicle, and energy technology industries completed a \$7 MM round of financing led by Expansion Capital Partners. Other investors included RBC Capital Partners, Covington Capital, Roynat Capital and BEST Total Return Fund. In another IT deal, **Eloqua Corporation**, a Toronto-based software company, closed a \$5 MM venture funding from U.S.-based JMI Equity Fund. **Noveko Echographs Inc.** a Quebec-based company specializing in the design, manufacturing and marketing of portable ultrasound scanners, completed a \$3 MM private placement with the Quorum Group of Companies. Vancouver-based **IP Applications Corp.**, received a \$500,000 infusion of capital from PenderFund Capital.

YTD deals* entered in VCReporterT	434
YTD deals* with public announcements	78
*VC, Mezz & Buyout	

On the life sciences front, **Tranzyme Pharma**, a biopharmaceutical company completed an oversubscribed round of private financing, raising a total of US\$ 32 MM. The financing was led by H.I.G. Ventures, Thomas, McNerney & Partners and Quaker BioVentures. Additional participants in the round included existing investors, BDC Venture Capital, Desjardins Venture Capital, Pacific Rim Ventures and The Solidarity Fund (FTQ). As part of this financing, US\$ 6 MM in previously issued notes have been converted into equity shares.

Canadian investors were also active south of the border with the announcement of five deals. California-based **Entrisphere Inc.**, a communications and networking company secured US\$ 75 MM in Series C financing led by VantagePoint Venture Partners. The oversubscribed round included existing CDP Capital, Ontario Teachers' Pension Plan Board, and U.S. investors. **Five9 Inc.**, a provider of hosted contact center solutions, also completed a US \$12 MM Series B funding led by Partech International and was joined by existing investors Hummer Winblad Venture Partners and Mosaic Venture Partners. This round brings the total amount of funding the company has received to date to US\$ 17 MM. Also, **Ambit Biosciences Corp.**, a California-based pharmaceutical company received an additional US \$10 MM in private equity financing bringing its total Series C financing to US\$ 31 MM. The financing was led by Roche Venture Fund and included participation from new investors Canadian Medical Discoveries Fund, Genechem and all existing U.S. investors. **ITM Software**, an enterprise software solutions provider, completed a US\$ 6 MM equity financing

round led by RBC Technology Ventures, and included participation from previous U.S. investors. Finally, **HyRadix Inc.**, a developer and supplier of hydrogen generation to fuel cell and small industrial markets, completed a new round of private capital financing led by Koch Genesis Company. Other investors included Caisse de depot et placement du Quebec and SAM Sustainable Asset Management AG, of Zurich, Switzerland. Financial terms were not disclosed.

On the M&A front, **Cephalon Inc.**, announced that it has signed a definitive merger agreement under which it will acquire all of the outstanding capital stock of **Salmedix Inc.** for approximately \$160 MM cash. Salmedix, Inc., a drug development company based in California was formerly backed by Ventures West, GeneChem and U.S. investors.

Deal News

Company	Deal Amount (MM)	Round	Investors
5/13/2005			
<p><u>Agile Systems Inc.</u> Waterloo, ON IT-Electronics and Computer Hardware/Measuring and Sensing Equipment Developer of advanced integrated electronic control solutions Click here for complete details</p>	\$7.00	6	<p><u>BEST Total Return Fund</u>, <u>Expansion Capital Partners</u>, <u>RBC Advanced Technology Fund</u>, <u>Roynat Capital Inc.</u>, <u>Triax Growth Fund</u></p>
5/12/2005			
<p><u>Ambit Biosciences Corporation</u> San Diego, CA LS-Biopharmaceuticals/Other Biopharmaceuticals Ambit is a development stage biopharmaceutical company. Click here for complete details</p>	USD \$30.50	3	<p><u>Avalon Capital Group</u>, <u>Canadian Medical Discoveries Fund I</u>, <u>Forward Ventures</u>, <u>GeneChem</u>, <u>GIMV NV</u>, <u>MDS Capital Corporation</u>, <u>Perseus 2000, LLC</u>, <u>Roche Holdings</u></p>
5/9/2005			
<p><u>Eloqua Corporation</u> Toronto, ON IT-Software/Other Software Eloqua provides the leading integrated demand-generation platform for marketers who must produce a continuous flow of quality leads for a professional sales force. Click here for complete details</p>	\$5.00	1	<p><u>JMI Equity Fund L.P.</u></p>
5/9/2005			
<p><u>Entrisphere Inc.</u> Santa Clara, CA IT-Communications and Networking/Telecommunication Equipment Building the first access platform Click here for complete details</p>	USD \$75.00	3	<p><u>Accel Partners</u>, <u>Benchmark Capital</u>, <u>CDP Capital - Technology Ventures</u>, <u>Crosspoint Venture Partners</u>, <u>Duff Ackerman & Goodrich</u>, <u>El Dorado Ventures</u>, <u>STAR Ventures</u>, <u>Teachers' Private Capital</u>, <u>Venture Capital</u>, <u>VantagePoint Venture Partners</u></p>
5/13/2005			
	USD	2	<p><u>Hummer Winblad Venture Partners</u>, <u>Mosaic</u></p>

<p>Five9 Inc. Pleasanton , CA IT-Software/Connectivity/Communications Tools Five9 is a leading provider of hosted contact center solutions for customer interaction management. The Five9 Virtual Contact CenterT targets small- to medium-sized call centers and companies that provide outsourced call center services to organizations of various sizes. The Five9 Virtual Contact Ce Click here for complete details</p>	\$12.00		<p>Venture Partners II Limited Partnership , Partech International</p>
5/9/2005			
<p>HyRadix Inc. Des Plaines, IL Other Technologies-Energy and Environmental Technologies/Alternative Energy A developer and supplier of hydrogen generation technology to the fuel cell and small industrial markets. Click here for complete details</p>	n/a	4	<p>CDP Capital - Technology Ventures , Sustainable Asset Management</p>
5/11/2005			
<p>IP Applications Corp New Westminster, BC IT-Internet Focus/Business-to-Consumer Services Headquartered in British Columbia, Canada, IP Applications (TSX Venture: IAP) specializes in business process outsourcing in the Internet services market. The Company designs, develops and deploys technology to assist the delivery and management of private-labeled Internet services, web-based applic Click here for complete details</p>	\$0.50	4	<p>Pender Growth Fund (VCC) Inc.</p>
5/12/2005			
<p>ITM Software Mountain View, CA IT-Software/Other Software TM Software provides CIOs and IT leaders with software products and management expertise that advance the business management of Information Technology. Click here for complete details</p>	USD \$6.00	2	<p>Ascend Venture Group , InnoCal Venture Capital , RBC Technology Ventures Inc. , Technology Partners</p>
5/11/2005			
<p>Klocwork Inc. Ottawa, ON IT-Software/Programming Tools Time market improvements in software development by utilizing state of the art development tools Click here for complete details</p>	USD \$10.00	3	<p>Cisco Systems Inc. , Mobius Venture Capital , Pequot Capital Management , U.S. Venture Partners</p>

5/9/2005

► **Liquid Computing Inc.**

Kanata, ON

IT-Electronics and Computer Hardware/Data Storage

Liquid Computing Corporation is a systems vendor developing a new class of server.

Liquid Computing is focused on delivering compelling reductions in data center total cost of ownership.

[Click here for complete details](#)

USD
\$14.00

2

[ATA Ventures](#), [Axis Investment Fund](#), [BDC Venture Capital Group](#), [EDC Equity Fund](#), [VenGrowth Investment Fund II](#)

5/11/2005

► **Noveko Ecographs Inc.**

Lachine, QC

LS-Medical Devices and Equipment/Diagnostic Equipment (not Imaging)

Designer and manufacturer of portable ultrasound scanners.

[Click here for complete details](#)

\$3.00

1

[Quorum Growth Funding Corporation](#)

5/13/2005

► **Tranzyme Pharma**

Research Triangle Park, NC

LS-Biopharmaceuticals/Drug Discovery

Tranzyme is a drug discovery and development company uniquely focused on the treatment of diseases associated with the neurosensory system including the eye, the ear, the chemosensory system (taste and smell) and the brain.

[Click here for complete details](#)

USD
\$32.00

1

[BDC Venture Capital Group](#), [Desjardins Venture Capital](#), [Fonds de solidarité \(FTO\)](#), [H.I.G. Ventures](#), [Pacific Rim Ventures Fund](#), [Quaker BioVentures](#), [Thomas, McNerney & Partners](#)

People News

► **Neuromed Technologies** Expands Executive Team

► **Evolved Names** Seasoned Healthcare Executive as New CEO

► **Hip Interactive Corp.** appoints new Chief Financial Officer

► **Sofea Inc.** appoints Alex MacKay to President & CEO

Company News

► **Final Prospectus Filed by Voxcom** Income Fund

► **Cephalon** Announces Acquisition of **Salmedix**

► **Avotus** to Complete its Acquisition of Applied Research Technologies

▸ **Genizon BioSciences** acquires assets from Global Genomics to accelerate the discovery of disease-causing mutations and targets

▸ Integrated Asset Management Corp. and Integrated Partners Announce Realization of Equity Investment in **Girit Projects**

▸ First Day of Dealings on the Alternative Investment Market (**Visual Defence Inc.**)

Industry News

▸ **Onex** targets the distressed

▸ Taos Capital Inc. Announces Proposed Qualifying Transaction with **TransGaming Technologies Inc.**

▸ Onex set to reap a windfall in sale of partial stake in **Magellan**

▸ Yet more VC, career fairs good omens

Q2 2005 Deal* Map

Sector	Number of Deals	Percent of Total \$'s
Communications and Networking	5	51 %
Biopharmaceuticals	6	22 %
Healthcare	1	11 %
Medical Devices and Equipment	2	6 %
Manufacturing	4	4 %
Internet Focus	4	3 %
Software	4	3 %
Other IT Services	1	0 %
Electronics and Computer Hardware	2	0 %
Energy and Environmental Technologies	1	0 %
Finance	1	0 %

* VC, Mezz, Buyout

To see all the deals, including those not publicly announced, or access detailed profiles on financings, companies or investors, [click here](#) to log on to VCReporterT.

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