

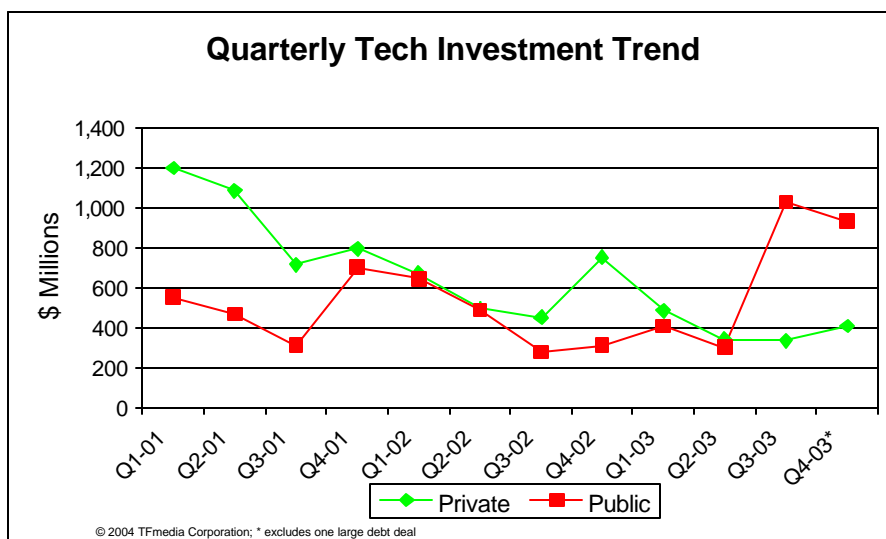
2004 A Better Year for Tech Financings?

With public financings clearly on the rebound, private should follow

Canadian technology financing had a split personality in 2003. In Q3 of 2003, Public financings finally pulled out from a two and half year slump and were clearly on its way to recovery. 2003 again will not be a memorable year for private equity firms investing in private tech companies. Private tech investments sank another 33% from \$2.34 billion in 2002 to \$1.56 billion in 2003.

Public Financings Leading the Way

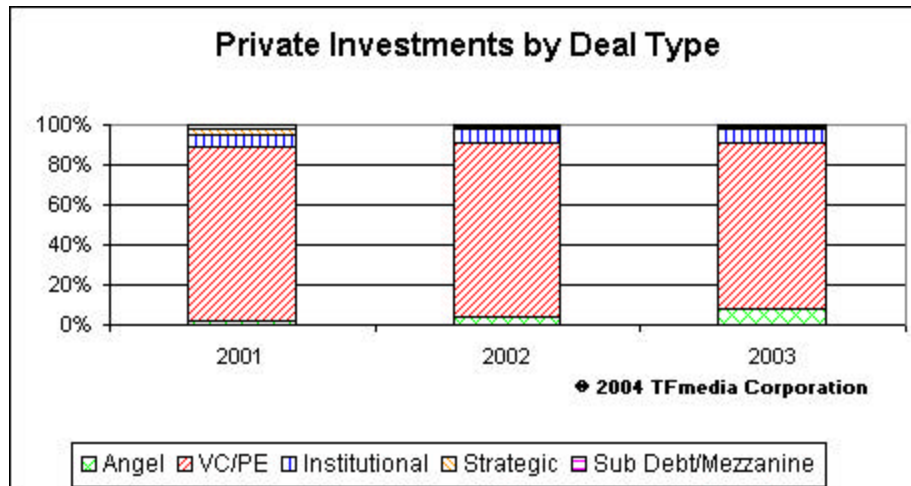
Since TFmedia started tracking tech investments in 2001, the tech investments has been on a steadily decline with usual surges in the 4th quarter. Private and public financings have been moving in almost identical directions. As the public financings are moving up and if the trend were to hold true and continue, private financings should follow suite in 2004.



Angel Investors Increasingly Active

As expected, venture capital and private equity firms were the dominant players in private tech financings, accounting for over 84% of total disbursements.

Private tech investments by angel investors have been on the rise since 2001 and surpassed \$100 million mark in 2003, up from \$57 million in 2001 to \$117 million in 2003. In 2003, Ontario, Alberta and BC tech companies received the majority of angel investments with \$56 million, \$30 million and \$24 million respectively.



Ottawa Remains Undisputed Leader in Attracting Private Financing

In 2003, Ottawa tech companies secured \$311 million in financing, remaining the top destiny of tech financings in Canada. Tech companies in Greater Montreal, Toronto, Calgary, Greater Vancouver, and Toronto Surrounding are trailing with \$269 million, \$255 million, \$253 million, \$129 million and \$120 million respectively in 2003. Since 2001, Ottawa companies have been the largest recipients of tech financings in Canada, receiving a total of \$2.3 billion in financings, comparing to \$1.3 billion each received by tech companies in Greater Montreal and Toronto.

PIPE - An Important Component of Public Financing

PIPE (Private Investment in Public Entity) investments have been an important component of public tech financings, accounting for over 11% of total public tech financings. Life science companies in particular received higher percentage of PIPE financings. Life science PIPE financings accounted for 10%, 17% and 15% of the total life science financings in 2001, 2002 and 2003 respectively.

IT Companies Largest Private Financing Recipients

In 2003, IT companies secured \$818.7 million in financings, almost twice of the \$415 million received by life science firms. Several large environmental, and media and entertainment deals drove the other tech investment up to \$288 million. Though the gap has been narrowed recently, investment in private IT companies continues to dominate the life science companies by a margin of almost 2 to 1.

Top 5 sectors in IT in 2003 were software (\$246 million), telecom related (\$201 million), wireless (\$104 million), semiconductor (\$85 million), and Internet related (\$69 million). Wireless included wireless software, system, and geomatics and telematics companies.

Life Sciences Firms Destiny of Public Tech Financings

Life science companies led the tech recovery in public tech financings in 2003. Life science companies raised \$1.5 billion, more than the combined total of IT, fuel tech and other tech companies.

Look Ahead

As the quarterly trends suggest, private tech financings should be on its way to recovery in 2004.

IPO market has become receptive. Workbrain (\$46 million) and Guest-Tek (\$44.6 million) IPOs were very well received by the market. The pending IPO by Xantrex Technology should boost the private tech financings in 2004. Based on preliminary financial information, Xantrex is expected to raise in between \$60 to up to \$100 million.

How will 2004 fair? Time will tell and stay tuned.