

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

2nd QUARTER, 2004

The information set forth in this report is confidential. It includes trade secrets and proprietary commercial and financial information regarding the business, operations and financial condition of one or more of the investment partnerships (the “Funds”) affiliated with CARDINAL PARTNERS and such Funds’ respective portfolio companies. This information is provided with the understanding that each limited partner will maintain the strict confidentiality of the information and will use it solely in respect of such limited partner’s participation as an investor in one or more of the Funds and not for any other purpose. No limited partner may disclose or reproduce any portion of the information contained in this report without the prior consent of CARDINAL PARTNERS.

If you have any questions regarding treatment of any confidential information received in connection with your investment in the Funds, please contact John J. Park at (609) 924-6452 or by email at johnpark@cardinalpartners.com.

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

2nd QUARTER, 2004

TABLE OF CONTENTS

| | |
|---|----|
| QUARTERLY ACTIVITY SUMMARY | 1 |
| FINANCIAL STATEMENTS | 3 |
| SUMMARY VALUATION MEMO | 12 |
| ACCENTCARE, INC. | 17 |
| ATHENAHEALTH, INC. | 20 |
| GROUP SOURCE SOLUTIONS, INC. (Formerly ESURG CORPORATION) | 23 |
| MEDCONTRAX (Formerly SYNTEGRA HEALTHCARE) | 24 |
| MOLECULAR MINING CORPORATION | 25 |
| NEXCURA, INC. (Formerly CANCERFACTS.COM) | 26 |
| VISICU, INC. (Formerly IC-USA, INC.) | 29 |

TO: The Limited Partners

FROM: John K. Clarke

DATE: August 20, 2004

SUBJECT: Activity for the Quarter ended June 30, 2004

During the quarter, the portfolio continued its progress towards building value and liquidity. Our portfolio leading company's Athena and VISICU both continued to meet or exceed aggressive growth forecasts and a steady progression towards profitability. Financial performance at AccentCare is improving, while management continues to grapple with labor related issues in NY and CA. Nexcura experienced a challenging quarter dealing with contract delays and program postponements at a few pharmaceutical company clients. Finally, Esurg completed a merger and recapitalization. A synopsis of activity for the quarter at each active portfolio company follows.

AccentCare – Financial performance for the first quarter of Fiscal 2005 (FYE 3/31) was promising, with West coast operations showing significant improvement, while East coast operations were slightly behind expectations. The recently acquired Arizona-based Evercare at Home division continued to outperform expectations, contributing \$2.4 million in revenue and \$250K in EBITDA during the quarter. Overall gross margins improved to 25% as compared to 24% for the previous quarter and were within 3% of plan. The company exceeded its revenue and EBITDA budget for each month of the quarter. The West coast operations also delivered same store sales growth of 5% over the prior year period. Management expects to see further growth in the coming months as various sales initiatives take hold.

AthenaHealth – Athena continues to deliver strong financial performance through the second quarter of 2004. Revenues grew by 15% over the prior quarter and sales were ahead of quota for the second quarter in a row and stand at 134% of plan YTD. Gross margins grew from 42.5% to 45%, exceeding plan by 13% and driving better than expected results for both EBITDA and net loss. Operating cash flow was virtually breakeven for the quarter and is \$500K ahead of plan for the year. In early April, the company completed a \$7.5 million equity infusion led by new investor, Granite Global Ventures, at a pre-money valuation of \$142 million.

Esurg – During the quarter, Esurg completed the merger with Integrated Logistics Systems Group (ILS), a Midwest-based medical supply distributor. The combined entity is now called Group Source Solutions, Inc. The merger was done in tandem with a financing totaling \$2.5 million by the current Esurg investor syndicate. While this is the most viable long-term course for the company, it is not without significant risk and we elected not to participate in the financing. Accordingly, the terms of the merger and financing have diluted our equity ownership position to 0.25% on a fully diluted basis and converted our preferred shares into 74,211 shares of common stock of Group Source Solutions.

NexCura – The suspension of one large DTC messaging program last quarter and drawn-out contract approval processes with many customers have proven to be the major challenges facing management at NexCura. This has resulted in a revenue shortfall for the quarter as compared to plan. The company's legacy licensing and sponsorship programs continue to perform ahead of plan and the company continues to garner praise for its superior content and value to end users. During the quarter, the NexCura website was named to Time.com's list of the "Top 50 Coolest Websites". Management is judiciously utilizing its working capital resources while intensifying a sales push to develop recurring business around recruiting participants for custom market research studies. While this sales effort will hopefully produce longer-term stability for the company, Nexcura will most likely require some short-term financing later this year.

Visicu – VISICU maintained a high pace of new contract signings through the second quarter and remains on target to meet its 2004 goals. During the quarter, VISICU signed 4 new hospital clients and 1 contract addendum with a current client adding a total of 613 beds. At the end of the quarter, the company has 18 clients under contract, with 547 beds currently under active management and over 1,000 beds in implementation. The company also has an additional 800 beds committed under contract but not yet ordered. The company ended the quarter with a contract revenue backlog of \$39.3 million, a growth of 24% over the prior quarter. The sales pipeline remains robust, with management forecasting 6 new contract signings in Q2 2004 representing almost \$16 million in contract value.

Included in this report are financial statements for the period, an investment valuation memorandum and a report on each of our portfolio companies.

Financial Results:

Net income for the quarter was \$3.0 million, consisting of \$106K in net operating expenses against \$3.1 million in net portfolio valuation gains. The portfolio gains were comprised of a \$4.2 million unrealized gain on the Athena investment related to a new financing round, offset by a \$1.1 million mark down on the NexCura investment. The cash balance at the end of the period was \$9K, with partners' net assets totaling \$18.3 million. A new schedule has been added to the end of the financial reporting section that summarizes the cumulative fund gains and losses by portfolio investment.

Looking forward:

The Limited Partner Annual Meeting will be held in New York City during the first week of December. Further specifics regarding the meeting will be forthcoming in early September. Meanwhile, should you have any questions, please contact our meeting coordinator Pam Shaw at our Princeton office.

We are confident that the portfolio has value potential substantially beyond that of our current carrying value and are diligently pursuing all avenues to realize that value. We remain committed to achieving the best possible return for our investors and appreciate your input and support.

CARDINAL HEALTH PARTNERS, L.P.
Income Statement
For the Period Ended June 30, 2004

| | Three Months Ended 06/30/04 | Six Months Ended 06/30/04 |
|------------------------------------|-----------------------------------|---------------------------------|
| Revenue: | | |
| Non Portfolio Income | \$19 | \$90 |
| Interest-Equivalent Amounts | 0 | 0 |
| Expenses: | | |
| Management Fee | 102,386 | 299,773 |
| Professional Fees | 5,250 | 12,500 |
| NVCA Dues & Expenses | 0 | 0 |
| Amortization of Organization Costs | 0 | 0 |
| Annual Meeting & Misc. Expenses | 749 | 2,849 |
| Total Expenses | 108,385 | 245,122 |
| Net Operating Expense | (108,366) | (245,032) |
| Investment Income | 2,706 | 5,412 |
| Net Income Before Gains (Losses) | (105,660) | (239,620) |
| Realized Gains (Losses) | 23,455 | 23,455 |
| Unrealized Gains (Losses) | 3,057,639 | 3,057,639 |
| Net Income (Loss) | \$2,975,434 | \$2,841,474 |

CARDINAL HEALTH PARTNERS, L.P.
Balance Sheet
As of June 30, 2004

| ASSETS: | Period Ended 06/30/04 | Period Ended 03/31/04 |
|---|--------------------------|--------------------------|
| Cash and Short-Term Investments | \$9,395 | \$10,071 |
| Accrued Interest | 7,061 | 4,355 |
| Escrow for Investment | 0 | 0 |
| Venture Capital Investments | 18,448,460 | 15,390,821 |
| Organization Costs (Net of Accum. Amortization) | 0 | 0 |
| Other Assets | 156,091 | 156,091 |
| | <u>\$18,621,007</u> | <u>\$15,561,338</u> |
| LIABILITIES & CAPITAL: | | |
| Accrued Expenses and Payables | \$291,022 | \$206,786 |
| Investment due Portfolio Company | 0 | 0 |
| Partners' Accounts | 18,329,985 | 15,354,552 |
| Total Liabilities and Capital | <u>\$18,621,007</u> | <u>\$15,561,338</u> |

CARDINAL HEALTH PARTNERS, L.P.

Footnotes

As of June 30, 2004

Note 1 - Cardinal Health Partners, L.P. is a Limited Partnership and as such is not subject to income taxes at the partnership level.

| Note 2 - Net Organization Costs: | <u>06/30/04</u> | <u>03/31/04</u> |
|----------------------------------|-------------------|-------------------|
| Organization Costs | \$179,000 | \$179,000 |
| Accumulated Amortization | <u>(179,000)</u> | <u>(179,000)</u> |
| Total | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

| Note 3 - General Partner Promissory Notes: | <u>06/30/04</u> | <u>03/31/04</u> |
|--|-------------------------|-------------------------|
| GP Promissory Note Principal | \$155,041 | \$155,041 |
| Prepaid NJ State Filing Fees | <u>1,050</u> | <u>1,050</u> |
| Total | <u><u>\$156,091</u></u> | <u><u>\$156,091</u></u> |

| Note 4 - Accrued Expenses: | <u>06/30/04</u> | <u>03/31/04</u> |
|---------------------------------|-------------------------|-------------------------|
| Accounting & Audit | \$10,500 | \$26,250 |
| Management Fees | 279,773 | 177,386 |
| NVCA Dues and Other | 749 | 3,150 |
| Legal & Other Professional Fees | <u>0</u> | <u>0</u> |
| Total | <u><u>\$291,022</u></u> | <u><u>\$206,786</u></u> |

| Note 5 – Financial Highlights (Return & IRR): | <u>Net to LP's</u> | <u>Total Fund</u> |
|---|--------------------|-------------------|
| Year-to-Date Return on Net Assets | 18.35% | 18.35% |
| Internal Rate of Return Since Inception | -7.73% | -7.73% |

CARDINAL HEALTH PARTNERS, L.P.
Statement of Cash Flows
For the Period Ended June 30, 2004

| | Three Months Ended 06/30/04 | Six Months Ended 06/30/04 |
|--|-----------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Net Income Before Gains (Losses) | (\$105,660) | (\$239,620) |
| Adjustments to reconcile net income before gains (losses) to net cash used in operating activities: | | |
| Accrued Interest Receivable | (2,706) | (5,411) |
| Net Organization Costs | 0 | 0 |
| Other Assets | 0 | (1,050) |
| Accrued Expenses & Payables | 84,235 | 138,015 |
| Net Cash used in Operating Activities | (24,131) | (108,066) |
| Cash flows from investing activities | | |
| Purchases of venture capital investments | 0 | 0 |
| Sales of venture capital investments | 23,455 | 23,455 |
| Net cash used in investing activities | 23,455 | 23,455 |
| Cash flows from financing activities | | |
| Cash contributions by partners | 0 | 0 |
| Cash distribution to partners | 0 | 0 |
| Net cash provided by financing activities | 0 | 0 |
| Net Change in Cash and Short Term Investments | (676) | (84,611) |
| Cash and Short Term Investments, beginning | 10,071 | 94,006 |
| Cash and Short Term Investments, ending | \$9,395 | \$9,395 |

CARDINAL HEALTH PARTNERS, L.P.
Schedule of Venture Capital Investments
As of June 30, 2004

| Company | Debt | Equity | Total Cost | Fair Value | Unrealized Gain (Loss) |
|------------------------------|-------------|---------------|-------------------|-------------------|-------------------------------|
| AccentCare, Inc. | \$0 | \$4,500,002 | \$4,500,002 | \$3,898,100 | (\$601,902) |
| AthenaHealth, Inc. | 0 | 3,000,000 | 3,000,000 | 10,799,999 | 7,799,999 |
| Esurg Corporation | 0 | 3,999,999 | 3,999,999 | 1,000 | (3,998,999) |
| MedContrax (Syntegra) | 34,904 | 0 | 34,904 | 1,000 | (33,904) |
| Molecular Mining Corporation | 0 | 1,000,000 | 1,000,000 | 1,000 | (999,000) |
| NexCura (CancerFacts) | 0 | 4,831,812 | 4,831,812 | 1,142,361 | (3,689,451) |
| VISICU, Inc. (ICUSA) | 0 | 4,050,000 | 4,050,000 | 2,605,000 | (1,445,000) |
| Totals | \$34,904 | \$21,381,813 | \$21,416,717 | \$18,448,460 | (\$2,968,257) |

Cardinal Health Partners, L.P.
Statement of Partners' Contributions Accounts
As of June 30, 2004

| | Partners' Total Subscription | Contributions Account 03/31/04 | Period Contribution in Cash | Period Contribution by Note | Contributions Account 06/30/04 | Partners' Outstanding Subscription |
|---|------------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------------------|------------------------------------|
| <u>Limited Partners</u> | | | | | | |
| LACERA | \$10,000,000 | \$10,000,000 | \$0 | \$0 | \$10,000,000 | \$0 |
| Nassau Capital Funds | 9,000,000 | 9,000,000 | 0 | 0 | 9,000,000 | 0 |
| Robert Wood Johnson Foundation | 7,500,000 | 7,500,000 | 0 | 0 | 7,500,000 | 0 |
| State Teachers Ret. System of Ohio | 6,992,127 | 6,992,127 | 0 | 0 | 6,992,127 | 0 |
| Northwestern University | 5,000,000 | 5,000,000 | 0 | 0 | 5,000,000 | 0 |
| Fleet Growth Resources (Summit Bank) | 5,000,000 | 5,000,000 | 0 | 0 | 5,000,000 | 0 |
| Natl. Union Fire Ins. Co. of Pittsburgh | 5,000,000 | 5,000,000 | 0 | 0 | 5,000,000 | 0 |
| WIN 4 Holdings / BofA Capital Corp. | 3,000,000 | 3,000,000 | 0 | 0 | 3,000,000 | 0 |
| Wachovia Bank Pension Plan | 3,000,000 | 3,000,000 | 0 | 0 | 3,000,000 | 0 |
| UNISYS | 2,500,000 | 2,500,000 | 0 | 0 | 2,500,000 | 0 |
| Venture Investment Associates II | 2,000,000 | 2,000,000 | 0 | 0 | 2,000,000 | 0 |
| S.R. One Limited | 1,500,000 | 1,500,000 | 0 | 0 | 1,500,000 | 0 |
| Hillside Capital Incorporated | 1,000,000 | 1,000,000 | 0 | 0 | 1,000,000 | 0 |
| | \$61,492,127 | \$61,492,127 | \$0 | \$0 | \$61,492,127 | \$0 |
| <u>General Partner</u> | | | | | | |
| Cardinal Health Partners Mgmt. | 621,133 | 621,133 | 0 | 0 | 621,133 | 0 |
| Total Partnership | \$62,113,260 | \$62,113,260 | \$0 | \$0 | \$62,113,260 | \$0 |

Cardinal Health Partners, L.P.
Statement of Partners' Distributive of Net Assets
For the Period Ended June 30, 2004

| | Private Securities | Public Securities | Cash | Other Assets | Total Assets | Accrued Expenses | Net Assets 06/30/04 |
|--------------------------------------|--------------------|-------------------|---------|--------------|--------------|------------------|---------------------|
| <u>Limited Partners</u> | | | | | | | |
| LACERA | \$2,970,183 | \$0 | \$1,511 | \$26,267 | \$2,997,961 | (\$46,853) | \$2,951,108 |
| Nassau Capital Funds | 2,673,153 | 0 | 1,361 | 23,640 | 2,698,154 | (42,169) | 2,655,985 |
| Robert Wood Johnson Foundation | 2,227,654 | 0 | 1,133 | 19,701 | 2,248,488 | (35,141) | 2,213,347 |
| State Teachers Ret. System. of Ohio | 2,076,570 | 0 | 1,058 | 18,364 | 2,095,992 | (32,758) | 2,063,234 |
| Northwestern University | 1,485,055 | 0 | 757 | 13,133 | 1,498,945 | (23,427) | 1,475,518 |
| Fleet Growth Resources (Summit Bank) | 1,485,055 | 0 | 757 | 13,133 | 1,498,945 | (23,427) | 1,475,518 |
| Pine Street Holdings I LLC | 1,485,055 | 0 | 757 | 13,133 | 1,498,945 | (23,427) | 1,475,518 |
| WIN 4 Holdings LLC | 891,068 | 0 | 453 | 7,880 | 899,401 | (14,056) | 885,345 |
| Wachovia Bank Pension Plan | 891,068 | 0 | 453 | 7,880 | 899,401 | (14,056) | 885,345 |
| UNISYS | 742,530 | 0 | 377 | 6,567 | 749,474 | (11,713) | 737,761 |
| Venture Investment Associates II | 594,038 | 0 | 303 | 5,253 | 599,594 | (9,371) | 590,223 |
| S.R. One Limited | 445,519 | 0 | 227 | 3,940 | 449,686 | (7,028) | 442,658 |
| Hillside Capital Incorporated | 297,027 | 0 | 151 | 2,627 | 299,805 | (4,686) | 295,119 |
| | \$18,263,975 | \$0 | \$9,298 | \$161,518 | \$18,434,791 | (\$288,112) | \$18,146,679 |
| <u>General Partner</u> | | | | | | | |
| Cardinal Health Partners Mgmt. | 184,485 | 0 | 97 | 1,634 | 186,216 | (2,910) | 183,306 |
| Total Partnership | \$18,448,460 | \$0 | \$9,395 | \$163,152 | \$18,621,007 | (\$291,022) | \$18,329,985 |

Cardinal Health Partners, L.P.
Statement of Partners' Capital *
For the Six Months Ended June 30, 2004

| | Partners' Capital 01/01/04 | Net Capital Contributions | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income (Loss) | Unrealized Gains (Losses) | Distributions | Partners' Capital 06/30/04 |
|------------------------------------|-------------------------------|------------------------------|-------------------------|---------------------------------|-------------------------------|------------------------|---------------------------------|---------------|-------------------------------|
| <u>Limited Partners</u> | | | | | | | | | |
| LACERA | \$2,493,642 | \$0 | \$15 | (\$38,593) | \$3,776 | (\$34,802) | \$492,268 | \$0 | \$2,951,108 |
| Nassau Capital Funds, | 2,244,265 | 0 | 14 | (34,734) | 3,399 | (31,321) | 443,041 | 0 | 2,655,985 |
| Robert Wood Johnson Foundation | 1,870,247 | 0 | 11 | (28,944) | 2,832 | (26,101) | 369,201 | 0 | 2,213,347 |
| State Teachers Ret. System of Ohio | 1,743,368 | 0 | 10 | (26,984) | 2,640 | (24,334) | 344,200 | 0 | 2,063,234 |
| Northwestern University | 1,246,784 | 0 | 7 | (19,296) | 1,888 | (17,401) | 246,135 | 0 | 1,475,518 |
| Fleet Growth Resources (Summit) | 1,246,784 | 0 | 7 | (19,296) | 1,888 | (17,401) | 246,135 | 0 | 1,475,518 |
| Pine Street Holdings I LLC | 1,246,784 | 0 | 7 | (19,296) | 1,888 | (17,401) | 246,135 | 0 | 1,475,518 |
| WIN 4 Holdings, LLC. | 748,106 | 0 | 4 | (11,578) | 1,133 | (10,441) | 147,680 | 0 | 885,345 |
| Wachovia Bank Pension Plan | 748,106 | 0 | 4 | (11,578) | 1,133 | (10,441) | 147,680 | 0 | 885,345 |
| UNISYS | 623,394 | 0 | 4 | (9,648) | 944 | (8,700) | 123,067 | 0 | 737,761 |
| Venture Investment Associates II | 498,729 | 0 | 3 | (7,718) | 755 | (6,960) | 98,454 | 0 | 590,223 |
| S.R. One Limited | 374,039 | 0 | 2 | (5,789) | 566 | (5,221) | 73,840 | 0 | 442,658 |
| Hillside Capital Incorporated | 249,372 | 0 | 1 | (3,859) | 378 | (3,480) | 49,227 | 0 | 295,119 |
| | \$15,333,620 | \$0 | \$89 | (\$237,313) | \$23,220 | (\$214,004) | \$3,027,063 | \$0 | \$18,146,679 |
| <u>General Partner</u> | | | | | | | | | |
| Cardinal Health Partners Mgmt. | (150) | 0 | 1 | (2,397) | 235 | (2,161) | 30,576 | 0 | 28,265 |
| Total Partnership | \$15,333,470 | \$0 | \$90 | (\$239,710) | \$23,455 | (\$216,165) | \$3,057,639 | \$0 | \$18,174,944 |

* - Partners Capital, by definition, does not include contributions made by the General Partner in the form of a Promissory Note.

Cardinal Health Partners, L.P.
Statement of Partners' Accounts
For the Period from July 25, 1997 to June 30, 2004

| | Partners' Contribution Account | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income (Loss) | Unrealized Gains (Losses) | Distributions | Partner Transfer | Partners' Account 06/30/04 |
|--|--------------------------------|----------------------|------------------------------|-------------------------|---------------------|---------------------------|----------------|------------------|----------------------------|
| <u>Limited Partners</u> | | | | | | | | | |
| LACERA | \$10,000,000 | \$27,934 | (\$1,312,008) | (\$494,941) | (\$1,779,015) | (\$657,280) | (\$4,612,597) | \$0 | \$2,951,108 |
| Nassau Capital Funds | 9,000,000 | 25,140 | (1,180,810) | (445,445) | (1,601,115) | (591,550) | (4,151,350) | 0 | 2,655,985 |
| Robert Wood Johnson Foundation | 7,500,000 | 20,950 | (984,006) | (371,205) | (1,334,261) | (492,960) | (3,459,432) | 0 | 2,213,347 |
| State Teachers Ret. System of Ohio | 6,992,127 | 19,535 | (917,374) | (346,069) | (1,243,908) | (459,577) | (3,225,408) | 0 | 2,063,234 |
| Northwestern University | 5,000,000 | 13,966 | (656,005) | (247,471) | (889,510) | (328,637) | (2,306,335) | 0 | 1,475,518 |
| Fleet Growth Resources (Summit) | 5,000,000 | 13,966 | (656,005) | (247,471) | (889,510) | (328,637) | (2,306,335) | 0 | 1,475,518 |
| National Union Fire Ins. Co. of Pitts. | 5,000,000 | 13,938 | (594,766) | (810,867) | (1,391,695) | (325,009) | (1,414,077) | (1,869,219) | 0 |
| Pine Street Holdings I LLC | 0 | 28 | (61,239) | 563,396 | 502,185 | (3,628) | (892,258) | 1,869,219 | 1,475,518 |
| Bank of America Capital Corporation | 2,741,431 | 6,828 | (184,638) | 311,688 | 133,878 | 449,985 | (582,797) | (2,742,497) | 0 |
| WIN 4 Holdings, LLC | 258,569 | 1,552 | (208,964) | (460,170) | (667,582) | (647,168) | (800,971) | 2,742,497 | 885,345 |
| Wachovia Bank Pension Plan | 3,000,000 | 8,380 | (393,602) | (148,482) | (533,704) | (197,183) | (1,383,768) | 0 | 885,345 |
| UNISYS | 2,500,000 | 6,984 | (328,001) | (123,735) | (444,752) | (164,320) | (1,153,167) | 0 | 737,761 |
| Venture Investment Associates II | 2,000,000 | 5,586 | (262,400) | (98,989) | (355,803) | (131,455) | (992,519) | 0 | 590,223 |
| S.R. One Limited | 1,500,000 | 4,190 | (196,801) | (74,242) | (266,853) | (98,592) | (681,897) | 0 | 442,658 |
| Hillside Capital Incorporated | 1,000,000 | 2,792 | (131,203) | (49,494) | (177,905) | (65,727) | (461,249) | 0 | 295,119 |
| | \$61,492,127 | \$171,769 | (\$8,067,822) | (\$3,043,497) | (\$10,939,550) | (\$4,041,738) | (\$28,364,160) | \$0 | \$18,146,679 |
| <u>General Partner</u> | | | | | | | | | |
| Cardinal Health Partners Mgmt. | 621,133 | 1,734 | (1,325,428) | 98,886 | (1,224,808) | 1,073,480 | (286,499) | 0 | 183,306 |
| Total Partnership | \$62,113,260 | \$173,503 | (\$9,393,250) | (\$2,944,611) | (\$12,164,358) | (\$2,968,258) | (\$28,650,659) | \$0 | \$18,329,985 |

CHP II, L.P.
Comprehensive Fund Investment Summary
For the Period from April 25, 2000 to June 30, 2004

| Portfolio Company | Investment Cost | Assigned Fair Value | Unrealized Gain (Loss) | Proceeds + Realized Value | Realized Gain (Loss) | Cumulative Investment Return |
|---|-----------------|---------------------|------------------------|---------------------------|----------------------|------------------------------|
| <u>Private Company Investments</u> | | | | | | |
| AccentCare, Inc. | \$4,500,002 | \$3,898,100 | (\$601,902) | \$0 | \$0 | (\$601,902) |
| AthenaHealth, Inc. | 3,000,000 | 10,799,999 | 7,799,999 | 0 | 0 | 7,799,999 |
| Esurg Corporation | 3,999,999 | 1,000 | (3,998,999) | 0 | 0 | (3,998,999) |
| MedContrax, inc. | 3,771,267 | 1,000 | (33,904) | 0 | (3,736,363) | (3,770,267) |
| Molecular Mining Corporation | 1,350,000 | 1,000 | (999,000) | 350,000 | 0 | (999,000) |
| NexCura, Inc. | 4,831,812 | 1,142,361 | (3,689,451) | 0 | 0 | (3,689,451) |
| VISICU, Inc. | 4,050,000 | 2,605,000 | (1,445,000) | 0 | 0 | (1,445,000) |
| <u>Fully Disposed Investments</u> | | | | | | |
| Cubist Pharmaceuticals | 3,999,998 | 0 | 0 | 12,066,659 | 8,066,661 | 8,066,661 |
| InLight/ProMedex | 3,334,443 | 0 | 0 | 0 | (3,334,443) | (3,334,443) |
| ParkStone Medical Information Systems | 5,500,000 | 0 | 0 | 0 | (5,500,000) | (5,500,000) |
| PointShare Corporation | 3,850,001 | 0 | 0 | 140,981 | (3,709,020) | (3,709,020) |
| Sentinel Health Partners | 3,000,000 | 0 | 0 | 0 | (3,000,000) | (3,000,000) |
| Signature Plastic Surgery | 4,785,000 | 0 | 0 | 23,455 | (4,761,545) | (4,761,545) |
| TechRx / NDCHealth | 4,115,000 | 0 | 0 | 17,949,440 | 13,834,440 | 13,834,440 |
| WiseBear, Inc. | 1,000,000 | 0 | 0 | 195,660 | (804,340) | (804,340) |
| | \$55,087,522 | \$18,448,460 | (\$2,968,257) | \$30,726,195 | (\$2,944,610) | (\$5,912,867) |

TO: The Limited Partners

FROM: John J. Park

DATE: July 15, 2004

SUBJECT: Portfolio Valuations for June 30, 2004

Investment securities held by Cardinal Health Partners, L.P. (the “Partnership”) have been valued in accordance with the Amended Standard Valuation Policy of the Partnership. In accordance with the Policy, restricted securities are valued at cost, until subsequent events of a significant nature indicate the need for a change. Public securities are valued at a discount to market according to the trading restrictions or lack of liquidity accorded to them. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner for those investments not valued at cost as of June 30, 2004.

ACCENTCARE – In June 2001, AccentCare completed a \$24.5 million financing at \$0.9215 per share valuing the Company at \$54 million post-money, after adjusting for the weighted average anti-dilution of the Series A and Series B Preferred. Two new investors, Three Arch Partners and Highland Capital Partners led this financing. We propose to value the investment at the Series C price of \$0.9215, resulting in an unrealized loss of \$601,902 on our cost basis of \$4,500,002 as of June 30, 2004. This valuation represents no change from the valuation as of March 31, 2004.

Value Computation:

| | | |
|--------------------------------------|---|--------------------|
| Series A Convertible Preferred Stock | | |
| 2,620,837 shares x \$0.9215 | = | \$2,415,101 |
| Series B Convertible Preferred Stock | | |
| 1,609,331 shares x \$0.9215 | = | <u>1,482,999</u> |
| Total Value | | <u>\$3,898,100</u> |

ATHENAHEALTH – On April 8, 2004, AthenaHealth completed a \$7.5 million Series E Preferred stock financing priced at \$5.04 per share and valuing the Company at \$142 million pre-money. A new investor, Granite Global Ventures, led this financing. Cardinal Health Partners did not participate in the financing. We propose to value our investment at the Series E price of \$5.04, resulting in an unrealized gain of \$7,799,999 on our cost basis of \$3,000,000 as of June 30, 2004. This valuation represents an increase of \$4,199,999 from the valuation for Athena as of March 31, 2004.

Value Computation:

| | | |
|--------------------------------------|---|---------------------|
| Series C Convertible Preferred Stock | | |
| 2,142,857 shares x \$5.04 | = | <u>\$10,799,999</u> |

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of June 30, 2004
Page 2 of 3

ESURG – In early 2001, the company made significant operational cutbacks in order to conserve operating capital. Accordingly, in Q1 2002 we reduced the value of the Esurg investment to a minimal value, until such time as the company attained additional financing or was acquired. As of June 30, 2004, the Esurg investment is valued at \$1,000 resulting in a cumulative unrealized loss of \$3,998,999 on our cost basis of \$3,999,999. This valuation represents no change from the valuation as of March 31, 2004.

MEDCONTRAX – At the end of Q1 2002, discussions were terminated with a potential acquirer and the company ceased operations. Accordingly, we reduced the value of the MedContrax investment to \$1,000. In June 2002, the assets of the company were sold and it was determined that the equity holders would receive no return from their investment. Therefore, we have written off the equity portion of the MedContrax investment, leaving only the \$34,904 secured promissory note, which we propose to value at \$1,000 until the liquidation proceeds are distributed. We expect to receive 30-50% of the face value of the note, pursuant to an agreement with the other creditors. With the promissory note valued at \$1,000, we show an unrealized loss of \$33,904 on our cost basis of \$34,904 as of June 30, 2004. This valuation represents no change from the valuation as of March 31, 2004.

Value Computation:

| | |
|-------------------------------------|------------------|
| 5% Secured Convertible Note Payable | |
| \$34,904 Principal Face Value | <u>1,000</u> |
| Total Value | = <u>\$1,000</u> |

MOLECULAR MINING CORPORATION – During the first quarter of 2003, as the result of an inability to attain additional outside financing and the lack of sufficient operational progress to support continuing operations, management and the Board of Directors decided to cease operations and sell the assets of the company. The Series A Preferred investors will likely receive no return on their investment. Consequently, we propose to value the Series A Preferred investment at a minimal value of \$1,000, until the liquidation is completed. This valuation produces an unrealized loss of \$999,000 on our investment cost basis of \$1,000,000 as of June 30, 2004. This valuation represents no change from the valuation as of March 31, 2004.

Value Computation:

| | |
|--------------------------------------|------------------|
| Series A Convertible Preferred Stock | |
| 1,000,000 shares | = <u>\$1,000</u> |

CARDINAL HEALTH PARTNERS, L.P.**Portfolio Valuations as of June 30, 2004****Page 3 of 3**

NEXCURA – In June 2002, NexCura completed a \$3.9 million Series C financing led by a new investor. The price per share for the round was \$0.191 placing a pre-money value of \$11 million on the financing. Cardinal invested a total of \$331,812 in the Series C round (\$231,812 in June 2002 and \$100,000 in June 2003), including the conversion of \$181,812 in promissory notes with accrued interest. During the current quarter, the investors began discussions with investment bankers towards an engagement to sell the company. Based upon the banker's preliminary valuation estimates and the unpredictability of the company's financial performance, we propose to value the NexCura investment at 50% of the price of the Series C round. The resulting value for our NexCura investment is \$1,142,361, with an accumulated unrealized loss of \$3,689,451 on our cost basis of \$4,831,812. This valuation represents a decrease of \$1,142,360 from the valuation as of March 31, 2004.

Value Computation:

| | | |
|--------------------------------------|---|--------------------|
| Series B Convertible Preferred Stock | | |
| 10,224,654 shares x \$0.191 x 50% | = | \$976,455 |
| Series C Convertible Preferred Stock | | |
| 1,737,238 shares x \$0.191 x 50% | = | <u>165,906</u> |
| Total Value | | <u>\$1,142,361</u> |

VISICU (formerly IC-USA) – On June 8, 2000, VISICU completed a \$12 million financing at \$1.37 per share valuing the Company at \$28 million post-money. A new investor, Pacific Venture Group, led this financing. In June 2002, the current investors led a \$6.8 million financing priced at the same level as the Series B round and valuing the company at \$38 million post-money. Cardinal invested \$50,000 in this financing. As the company had not met operational expectations, in Q3 of 2001 we elected to value our Series A and Series B investment at one-half of the Series B price until a substantial improvement in operational results or an independent financing event. We propose to maintain this valuation for both the Series A and Series B and to carry the Series C at cost until a new financing event or the company attains sustainable profitability. This results in a carrying value of \$2,605,000, producing an unrealized loss of \$1,445,000 on our cost basis of \$4,050,000 as of June 30, 2004. This valuation represents no change from our carrying value as of March 31, 2004.

Value Computation:

| | | |
|--------------------------------------|---|--------------------|
| Series A Convertible Preferred Stock | | |
| 3,000,000 shares x \$1.37 x 50% | = | \$2,055,000 |
| Series B Convertible Preferred Stock | | |
| 729,927 shares x \$1.37 x 50% | | 500,000 |
| Series C Convertible Preferred Stock | | |
| 36,496 shares x \$1.37 | = | <u>50,000</u> |
| Total Value | | <u>\$2,605,000</u> |

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Investment Valuation Summary
For the Quarter Ended June 30, 2004

| <u>Portfolio Company</u> | <u>Investment</u> | <u>Fair Value 06/30/04</u> | <u>Fair Value 03/31/04</u> | <u>Change from Prior Quarter</u> | <u>Reason for Change</u> |
|--------------------------------------|-------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| AccentCare, Inc. | \$4,500,002 | \$3,898,100 | \$3,898,100 | \$0 | |
| AthenaHealth, Inc. | 3,000,000 | 10,799,999 | 6,600,000 | 4,199,999 | New Financing. (note 1) |
| Esurg Corporation | 3,999,999 | 1,000 | 1,000 | 0 | |
| MedContrax, Inc. (formerly Syntegra) | 34,904 | 1,000 | 1,000 | 0 | |
| Molecular Mining | 1,000,000 | 1,000 | 1,000 | 0 | |
| NexCura (formerly CancerFacts.com) | 4,831,812 | 1,142,361 | 2,284,721 | (1,142,360) | Performance Based Mark Down (note 2) |
| VISICU, Inc. (formerly ICUSA) | 4,050,000 | 2,605,000 | 2,605,000 | 0 | |
| Total Portfolio | \$21,416,717 | \$18,448,460 | \$15,390,821 | \$3,057,639 | |

1.) On April 8, 2004, Athena closed on a \$7.5 million Series G financing led by new investor Granite Global Ventures. The financing was priced at \$5.04 per share, corresponding to a pre-money value of \$142 million. Cardinal did not participate in the financing.

2.) During the quarter, the investors began discussions with investment bankers about an engagement to sell the company. Preliminary valuation estimates would likely produce a return to Cardinal of from \$1.2 to \$3.0 million. Coupled with the inconsistent operational results over the last nine months, we believe it prudent to reduce the carrying value for NexCura by 50% until a sale is completed.

ACCENTCARE, INC.
Dana Point, CA
{www.accentcare.com}

Comprehensive Assistance Living Services for the Elderly Living at Home

Period Summary: 2nd Quarter, 2004

Financial performance for the first quarter of Fiscal 2005 (FYE 3/31) was promising, with West coast operations showing significant improvement, while East coast operations were slightly behind expectations. The recently acquired Arizona-based Evercare at Home division continued to outperform expectations, contributing \$2.4 million in revenue and \$250K in EBITDA during the quarter. Overall gross margins improved to 25% as compared to 24% for the previous quarter and were within 3% of plan. The company exceeded its revenue and EBITDA budget for each month of the quarter. The West coast operations also delivered same store sales growth of 5% over the prior year period. Management expects to see further growth in the coming months as various sales initiatives take hold.

In April, AccentCare completed the acquisition of Front Porch HomeCare, a division of Front Porch Communities and Services. Front Porch HomeCare provides unskilled home care services to communities throughout Southern California and has over 250 clients. The acquisition will add \$3.5 million in annual revenues and \$750K in annual EBITDA.

During the quarter, management also reached terms to acquire a small California based skilled nursing services company that is Medicare certified. The Medicare certification is crucial to managements' plan to place more emphasis on revenue growth in the higher margin skilled services segment. Several current AccentCare clients have expressed interest in AccentCare providing skilled services to their client base.

Cash flow for the period was behind budget, due to the effect on receivables from the termination of the quick pay discount with VNS last quarter coupled with higher than forecast payouts for workers compensation reserves. Average monthly operating cash burn for the period remained well under \$200K. The company has now drawn \$4 million of the \$5 million "keep well" bridge with its current investor group. The bridge is in the form of convertible promissory notes. Cardinal is not a participant in the "keep well" agreement.

We are pleased with the abilities of the current management team, and applaud their steady progress toward operational stability and profitability. However, we remain concerned that labor-related uncertainties (regulatory in California, union related in New York), will continue to challenge this team's ability to execute. With sufficient capital resources, we are optimistic that the new management team will deliver on its goals and provide a positive return to the investors.

ACCENTCARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 3/31)

| | <i>FY02 Actual</i> | <i>FY03 Actual</i> | <i>FY04 Actual*</i> | <i>FY05 Budget</i> |
|--------------------|--------------------|--------------------|---------------------|--------------------|
| Revenues | 22,502 | 54,815 | 82,288 | 91,761 |
| Cost of Services | 15,137 | 37,349 | 60,994 | 67,014 |
| Operating Expenses | 14,617 | 20,508 | 24,307 | 25,185 |
| EBIT | -7,252 | -3,042 | -3,013 | -438 |
| Interest and Taxes | 102 | -558 | -1,896 | -2,884 |
| Net Income | -7,150 | -3,600 | -4,909 | -3,322 |
| EBITDA | -5,693 | -2,295 | -2,102 | 533 |

* - Subject to Audit

Last Three Months: Quarter Ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 22,240 | 22,114 | +126 |
| Cost of Services | 16,742 | 16,468 | -274 |
| Operating Expenses | 6,050 | 6,330 | +280 |
| EBIT | -552 | -684 | +132 |
| Interest and Taxes | -573 | -675 | +102 |
| Net Income | -1,125 | -1,359 | +234 |
| EBITDA | -342 | -450 | +108 |

Fiscal Year-to-Date: Three Months Ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 22,240 | 22,114 | +126 |
| Cost of Services | 16,742 | 16,468 | -274 |
| Operating Expenses | 6,050 | 6,330 | +280 |
| EBIT | -552 | -684 | +132 |
| Interest and Taxes | -573 | -675 | +102 |
| Net Income | -1,125 | -1,359 | +234 |
| EBITDA | -342 | -450 | +108 |

ACCENTCARE, INC. (cont.)

Summary Balance Sheet as of June 30, 2004: (\$000)

| | | | |
|----------------------|-----------------|----------------------------|-----------------|
| Cash | \$ 5,849 | Accounts Payable | \$ 2,425 |
| Accounts Receivable | 17,330 | Accrued Expenses | 5,885 |
| Other Current Assets | <u>1,350</u> | Other Current Liabilities | <u>12,522</u> |
| Total Current Assets | 24,529 | Total Current Liabilities | 20,832 |
| Net PP&E | 1,231 | Long Term Debt | 15,871 |
| Intangibles (Net) | 11,925 | Shareholders Equity | 44,784 |
| Other Assets | <u>658</u> | Retained Earnings | <u>-43,144</u> |
| Total Assets | <u>\$38,343</u> | Total Liabilities & Equity | <u>\$38,343</u> |

Comments:

The company is \$1 million behind in its cash flow forecast primarily due to lower than forecast use of the A/R line with GMAC. Monthly operating cash burn has stayed under \$200k. Working capital needs will be supported by the A/R facility that currently has over \$5 million available, plus the remaining \$1 million on the “keep well” agreement.

Cardinal Health Partners Holdings:

| | |
|--|------------------|
| Series A Convertible Preferred Stock | 2,500,000 shares |
| Common Stock Equivalents | 2,620,837 shares |
| Assigned Fair Value (2,620,837 CSE's x \$0.9215) | \$2,415,101 |
| Investment Cost | \$2,500,000 |
| Cost per Common Stock Equivalent | \$0.954 |
| Series B Convertible Preferred Stock | 1,176,472 shares |
| Common Stock Equivalents | 1,609,331 shares |
| Assigned Fair Value (1,609,331 CSE's x \$0.9215) | \$1,482,999 |
| Investment Cost | \$2,000,002 |
| Cost per Common Stock Equivalent | \$1.243 |
| % Ownership (Full Dilution) | 7.1% |
| Company Valuation at Cardinal Cost | \$64.4 million |
| Company Valuation at Assigned Fair Value | \$59.9 million |

Outlook:

As the management team implements its plan to improve operational and financial performance, we remain cautiously optimistic about the prospects for AccentCare.

ATHENAHEALTH, INC.
Waltham, MA
{www.athenahealth.com}

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 2nd Quarter, 2004

Athena continued to exhibit strong financial performance through the second quarter of 2004. Revenues grew by 15% over the prior quarter and sales were ahead of quota for the second quarter in a row and stand at 134% of plan YTD. Gross margins grew from 42.5% to 45%, exceeding plan by 13% and driving better than expected results for both EBITDA and net loss. Operating cash flow was virtually breakeven for the quarter and is \$500K ahead of plan for the year.

Revenue was slightly ahead of plan for the quarter, despite the company being almost 20% behind on new client implementations for the year. Implementations for the quarter totaled \$5.9 million, with \$3.5 million in June alone. The implementation gap is expected to close by the end of next quarter. Gross margin exceeded plan by 15% and showed improvement in each month of the quarter. Expenses were slightly higher than plan primarily due to accelerated sales and marketing expenditures. New contract signings during the period totaled \$6.4 million, beating quota by 13%. The pipeline for the next quarter is expected to deliver results in line with the \$5.7 million quota for the period.

Athena's current annualized revenue run rate is \$38 million, on a contract base of \$50 million. The company is operating at positive EBITDA, with sustainable profitability forthcoming in the next 3-6 months. During the quarter, the company completed a \$7.5 million equity financing led by a \$4.5 million investment by new investor Granite Global Ventures. Current investors Oak, Venrock and Draper Fischer Jurvetson contributed the remaining \$3 million. With this additional capital, the company has a strong balance sheet coupled with its robust recurring revenue model and strong margins. We view Athena as a very attractive candidate for a liquidity event in the next 12-15 months and remain excited about the prospects for our investment.

ATHENAHEALTH, INC (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

| | <i>2001 Actual</i> | <i>2002 Actual</i> | <i>2003 Actual*</i> | <i>2004 Budget</i> |
|--------------------|--------------------|--------------------|---------------------|--------------------|
| Revenues | 3,459 | 11,985 | 24,666 | 40,196 |
| Direct Expenses | 6,480 | 10,137 | 16,148 | 22,679 |
| SG&A | 9,278 | 8,860 | 10,501 | 13,737 |
| EBITDA | -12,299 | -7,012 | -1,983 | -3,780 |
| Depreciation | 1,636 | 2,493 | 2,894 | 3,500 |
| Interest and Taxes | 855 | -55 | -475 | -837 |
| Net Income | -13,080 | -9,560 | -5,352 | -557 |

Last Three Months: Quarter Ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 9,437 | 9,276 | +161 |
| Direct Expenses | 5,172 | 5,573 | +401 |
| SG&A | 4,090 | 4,000 | -90 |
| EBITDA | 175 | -297 | +472 |
| Depreciation | 811 | 856 | +45 |
| Interest and Taxes | -335 | -228 | -107 |
| Net Income | -971 | -1,381 | +410 |

Fiscal Year-to-Date: Six Months Ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 17,627 | 17,534 | +93 |
| Direct Expenses | 9,884 | 10,777 | +893 |
| SG&A | 7,432 | 6,871 | -561 |
| EBITDA | 311 | -114 | +425 |
| Depreciation | 1,583 | 1,640 | +57 |
| Interest and Taxes | -556 | -434 | -122 |
| Net Income | -1,828 | -2,188 | +360 |

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of June 30, 2004: (\$000)

| | | | |
|----------------------|-----------------|----------------------------|-----------------|
| Cash | \$14,578 | A/P and Accrued Expenses | \$ 4,091 |
| Accounts Receivable | 4,528 | Deferred Revenue | 2,319 |
| Other Current Assets | <u>657</u> | Current Portion of Debt | <u>4,938</u> |
| Total Current Assets | 19,763 | Total Current Liabilities | 11,348 |
| Net PP&E | 3,195 | Long Term Debt | 6,451 |
| Intangibles (Net) | 2,184 | Shareholders Equity | 50,345 |
| Other Assets | <u>212</u> | Retained Earnings | <u>-42,790</u> |
| Total Assets | <u>\$25,354</u> | Total Liabilities & Equity | <u>\$25,354</u> |

Comments:

Athena is well ahead of its cash flow forecast for the year due to lower than anticipated capital investment. The cash balance above does not reflect the \$7.5 million financing that closed in early April. With the closing of this financing, Athena has a strong balance sheet to support its building infrastructure investment. Operational cash burn will be minimal for the coming quarter and turn solidly positive in the second half of the year.

Cardinal Health Partners Holdings:

| | |
|--|------------------|
| Series C Convertible Preferred Stock | 2,142,857 shares |
| Assigned Fair Value (\$5.04 x 2,142,857) | \$10,799,999 |
| Investment Cost | \$3,000,000 |
| Cost per Share | \$1.40 |

| | |
|-----------------------------|------|
| % Ownership (Full Dilution) | 7.3% |
|-----------------------------|------|

| | |
|--|-----------------|
| Company Valuation at Cardinal Cost | \$41.1 million |
| Company Valuation at Assigned Fair Value | \$148.1 million |

Outlook:

We remain very enthusiastic about the prospects for Athena, which continues to build backlog, enjoys a powerful recurring revenue model with high exit barriers, and retains a strong lead in the business of automating the business functions of physician offices.

GROUP SOURCE SOLUTIONS, INC.
(Formerly ESURG Corporation)
Seattle, WA
{www.esurg.com}

Online Supplies for Outpatient Surgery Centers

Period Summary: 2nd Quarter, 2004

During the quarter, Esurg completed a merger with Integrated Logistics Systems Group (ILS), a Midwest-based medical supply distributor. The combined entity is now called Group Source Solutions, Inc. The merger was done in tandem with a financing of \$2.5 million by the current Esurg investor syndicate. While this is the most viable long-term course for the company, it is not without significant risk and we elected not to participate in the financing. Accordingly, the terms of the merger and financing have diluted our equity ownership position to 0.25% on a fully diluted basis and converted our preferred shares into 74,211 shares of common stock of Group Source Solutions.

As Cardinal is no longer a significant shareholder in the company, Cardinal has lost its information rights and will not receive quarterly financial and operational updates.

Cardinal Health Partners Holdings:

| | |
|-----------------------------|---------------|
| Common Stock | 74,211 shares |
| Assigned Fair Value | \$1,000 |
| Investment Cost | \$3,999,999 |
| Cost per Share | \$1.54 |
| | |
| % Ownership (Full Dilution) | 0.25% |

Outlook:

With the merger complete, the Cardinal holdings have been diluted substantially and expectations are low for any return from the Group Source/Esurg investment.

MEDCONTRAX, INC.
(formerly Syntegra Healthcare Management Systems, Inc.)
Rockville, MD
{www.medcontrax.com}

Wholesale Price Clearing House for Pharmaceuticals Market

Period Summary: 2nd Quarter, 2004

There is no new activity to report for the quarter relative to our investment in MedContrax. In June 2002, the Bankruptcy Court completed an auction for the combined assets of MedContrax and Med-ecorp. The leading bid was for \$1.5 million in cash received from NeoForma, Inc. The sale closed into escrow in early July 2003. Claims filed by all of the company's creditors total \$2.5 million, including \$606,600 of investor promissory notes. Cardinal's portion of the investor notes is \$34,904.

At the end of this quarter, investor counsel informed us again that after many delays, creditor counsel has agreed to the proposed plan for the final disposition of the remaining MedContrax assets. The current estimate of counsel is that the MedContrax investors can expect to receive 65-75% back on the value of their promissory notes (~\$25K for Cardinal). While we expected this process to be completed by the end of last year, we now are hopeful of a final distribution in Q3 2004.

Cardinal Health Partners Holdings:

| | |
|--------------------------------|----------|
| 5% Convertible Promissory Note | \$34,904 |
| Assigned Fair Value | \$1,000 |
| | |
| % Ownership (Full Dilution) | 3.6% |

MOLECULAR MINING CORPORATION
Kingston, Ontario
{www.molecularmining.com}

Software Tools for Genomics Research

Period Summary: 2nd Quarter, 2004

As reported previously, the only outstanding item regarding the liquidation and dissolution of Molecular Mining is the sale and/or licensing of the company's intellectual property. PARTEQ Innovations is acting as agent to sell the intangible assets of the company. The agreement contains a revenue sharing component whereby PARTEQ will receive a ramping percentage of the proceeds, based upon the overall amount of the sale. Under the terms of the agreement, if the intangible assets are sold/licensed for a total of under \$25.5 million, the proceeds will be spilt solely between the Series B Preferred shareholders and PARTEQ, with the Series A investors and the common shareholders receiving no return on their investment. As we believe that the total proceeds from the sale will be at most \$3-5 million, it is virtually certain that we will receive no return on the Cardinal Health Partners, L.P. investment.

It is expected that the PARTEQ transaction will be complete by the end of 2004 and we will record the final investment realization at that time.

Cardinal Health Partners Holdings:

| | |
|--------------------------------------|------------------|
| Series A Convertible Preferred Stock | 1,000,000 shares |
| Assigned Fair Value | \$1,000 |
| Investment Cost | \$1,000,000 |
| Cost per Share | \$1.00 |

NEXCURA, INC.
(formerly CancerFacts.com)
Seattle, WA
{www.nexcure.com}

eCare Tools for Chronic Disease Management

Period Summary: 2nd Quarter, 2004

The suspension of one large DTC messaging program last quarter and drawn-out contract approval processes with many customers have proven to be the major challenges facing management at NexCura. This has resulted in a revenue shortfall for the quarter as compared to plan. The company's legacy licensing and sponsorship programs continue to perform ahead of plan and the company continues to garner praise for its superior content and value to end users. During the quarter, the NexCura website was named to Time.com's list of the "Top 50 Coolest Websites". Management is judiciously utilizing its working capital resources while intensifying a sales push to develop recurring business around recruiting participants for custom market research studies. While this sales effort will hopefully produce longer-term stability for the company, Nexcura will most likely require some short-term financing later this year.

Financial results for the quarter reflect the impact of the revenue shortfall. Revenues were below plan by 38% primarily due to contract delays and program cancellations at a few large messaging customers. The company burned \$167K for the quarter and management is developing a reduced expenditure plan to better match expenses with the reduced revenue expectations in the short term. To date, the company has had to utilize approximately 65% of its available receivables credit facility to help them meet their cash requirements through the uneven cash flow streams inherent in many of their contracts. Cash will be very tight for the next 2-3 months.

While expectations are that the company can still operate on a marginally profitable basis for each of the next two quarters, working capital requirements will likely produce a need for some short term financing in the range of \$300K-\$500K. The investor group is working closely with management to operate the company at cash flow breakeven, while exploring multiple avenues of attaining the needed financing for the company.

During the quarter, the investor syndicate began discussions with some healthcare investment bankers regarding a possible engagement to sell the company. Preliminary valuation estimates have ranged from \$8-15 million for the enterprise. Within that range, Cardinal would receive \$1.2 to \$3.0 million on a liquidation preference basis. Accordingly, this period we have reduced the carrying value for the Nexcura investment by 50% to \$1,142,361. The Board expects to select a banker next quarter, with the expectation of completing a transaction in early 2005.

NEXCURA, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

| | <i>2001 Actual</i> | <i>2002 Actual</i> | <i>2003 Actual*</i> | <i>2004 Budget</i> |
|--------------------|--------------------|--------------------|---------------------|--------------------|
| Revenues | 1,521 | 3,018 | 2,680 | 3,412 |
| Cost of Sales | 0 | 287 | 264 | 78 |
| Operating Expenses | 3,861 | 4,324 | 4,361 | 3,107 |
| EBIT | -2,340 | -1,593 | -1,945 | 227 |
| Interest and Taxes | -1,355 | -83 | 2 | -178 |
| Net Income | -3,695 | -1,676 | -1,943 | 49 |

* Subject to Audit

Last Three Months: Quarter Ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 731 | 1,216 | -485 |
| Cost of Sales | 97 | 132 | +35 |
| Operating Expenses | 799 | 879 | +80 |
| EBIT | -165 | 205 | -370 |
| Interest and Taxes | -96 | -95 | -1 |
| Net Income | -261 | 110 | -371 |

Fiscal Year-to-Date: Six Months ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 1,494 | 2,161 | -667 |
| Cost of Sales | 177 | 152 | -25 |
| Operating Expenses | 1,633 | 1,768 | +135 |
| EBIT | -316 | 241 | -557 |
| Interest and Taxes | -113 | -109 | -4 |
| Net Income | -429 | 132 | -561 |

NEXCURA, INC. (cont.)

Summary Balance Sheet as of June 30, 2004: (\$000)

| | | | |
|----------------------|-----------------|----------------------------|-----------------|
| Cash | \$ 25 | Accounts Payable | \$ 322 |
| Accounts Receivable | 507 | Accrued Expenses | 226 |
| Other Current Assets | <u>321</u> | Deferred Revenue | <u>1,109</u> |
| Total Current Assets | 853 | Total Current Liabilities | 1,657 |
| Net PP&E | 73 | LOC and Other Liabilities | 686 |
| Intangibles (Net) | 29 | Shareholders Equity | 18,505 |
| Other Assets | <u>248</u> | Retained Earnings | <u>-19,645</u> |
| Total Assets | <u>\$ 1,203</u> | Total Liabilities & Equity | <u>\$ 1,203</u> |

Comments:

The company is \$75K behind on its cash flow forecast for the year. Over 60% of the receivables line of credit has been extended. Cash will be very tight for the next 2-3 months and the investor syndicate is working diligently to secure some short-term financing.

Cardinal Health Partners Holdings:

| | |
|--|-------------------|
| Series B Convertible Preferred Stock | 5,184,331 shares |
| Common Stock Equivalents | 10,224,654 shares |
| Assigned Fair Value (10,224,654 CSE's x \$0.191 x 50%) | \$976,455 |
| Investment Cost | \$4,500,000 |
| Cost per Share | \$0.868 |
| Series C Convertible Preferred Stock | 1,737,238 shares |
| Assigned Fair Value (Investment Cost x 50%) | \$165,906 |
| Investment Cost | \$331,812 |
| Cost per Share | \$0.191 |
| Common and Preferred Stock Warrants | 288,912 |
| Average Exercise Price Per Share | \$0.074 |
| % Ownership (Full Dilution) | 16.0% |
| Company Valuation at Cardinal Cost | \$30.1 million |
| Company Valuation at Assigned Fair Value | \$7.1 million |

Outlook:

With the company experiencing a difficult period, we are guarded about the prospects for our investment in NexCura.

VISICU, INC.
Baltimore, MD
{www.visicu.com}

Remote Monitoring Services for Intensive Care Hospital Units

Period Summary: 2nd Quarter, 2004

VISICU maintained its fast pace of new contract signings through the second quarter and remains on target to meet its 2004 goals. During the quarter, VISICU signed 4 new hospital clients and 1 contract addendum with a current client, adding a total of 613 beds. At the end of the quarter, the company has 18 clients under contract, with 547 beds currently under active management and over 1,000 beds in implementation. The company also has an additional 800 beds committed under contract, but not yet ordered. The company ended the quarter with a contract revenue backlog of \$39.3 million, a growth of 24% over the prior quarter. The sales pipeline remains robust, with management forecasting 6 new contract signings in Q2 2004 representing almost \$16 million in contract value.

Financial results for the quarter met expectations, with revenues exhibiting sequential growth of 24% over last quarter. Gross margin was also slightly favorable to plan. Operating expenses were favorable to plan due to lower than forecast headcount, recruiting costs and lower R&D consulting expenses. The result was a favorable variance for net income for both the quarter and year-to-date. The cash balance at the end of the period was \$3.4 million, \$1.5 higher than last quarter, but \$950k below plan due to the late signing of two new contracts, which occurred in early July. Management forecasts the company to operate at cash flow positive for the remainder of the year, without even utilizing its \$2 million credit facility.

We remain very excited about the prospects for VISICU as the company continues through this high growth phase. CEO Frank Sample has moved the company full speed ahead on the sales and marketing front, while exercising sound cash management. We are very optimistic about the company's prospects for building itself into a significant next generation healthcare company.

VISICU, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

| | <i>2001 Actual</i> | <i>2002 Actual</i> | <i>2003 Actual*</i> | <i>2004 Budget</i> |
|--------------------|--------------------|--------------------|---------------------|--------------------|
| Revenues | 1,429 | 2,380 | 2,218 | 7,322 |
| Cost of Sales | 1,824 | 1,638 | 769 | 1,748 |
| Operating Expenses | 7,049 | 7,718 | 9,862 | 11,594 |
| EBIT | -7,444 | -6,976 | -8,413 | -6,020 |
| Interest and Taxes | 232 | 36 | 6 | -425 |
| Net Income | -7,212 | -6,940 | -8,407 | -6,445 |

* - Subject to Audit

Last Three Months: Quarter Ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 1,089 | 1,046 | +43 |
| Cost of Sales | 296 | 275 | -21 |
| Operating Expenses | 3,032 | 3,168 | +136 |
| EBIT | -2,239 | -2,397 | +158 |
| Interest and Taxes | 2 | 0 | +2 |
| Net Income | -2,237 | -2,397 | +160 |

Fiscal Year-to-Date: Six Months Ended June 30, 2004

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 1,968 | 1,935 | +33 |
| Cost of Sales | 543 | 494 | -49 |
| Operating Expenses | 5,926 | 6,243 | +317 |
| EBIT | -4,501 | -4,802 | +301 |
| Interest and Taxes | 3 | 0 | +3 |
| Net Income | -4,498 | -4,802 | +304 |

VISICU, INC. (cont.)

Summary Balance Sheet as of June 30, 2004: (\$000)

| | | | |
|----------------------|-----------------|----------------------------|-----------------|
| Cash | \$ 3,351 | Accounts Payable | \$ 114 |
| Accounts Receivable | 4,793 | Accrued Expenses | 1,255 |
| Prepaid Expenses | <u>248</u> | Other Current Liabilities | <u>0</u> |
| Total Current Assets | 8,392 | Total Current Liabilities | 1,369 |
| Net PP&E | 840 | Unearned Revenue | 22,191 |
| Deferred Costs | 2,795 | Shareholders Equity | 31,956 |
| Other Assets | <u>241</u> | Retained Earnings | <u>-43,134</u> |
| Total Assets | <u>\$12,268</u> | Total Liabilities & Equity | <u>\$12,268</u> |

Comments:

The cash balance at the end of the quarter was \$250k lower than projected. The company expects to be cash flow positive for each of the next three quarters, ending the year with over \$4 million in cash. The company has an untapped \$2 million credit facility.

Cardinal Health Partners Holdings:

| | |
|--|------------------|
| Series A Convertible Preferred Stock | 3,000,000 shares |
| Assigned Fair Value (3,000,000 x \$1.37 x 50%) | \$2,055,000 |
| Investment Cost | \$3,000,000 |
| Cost per Share | \$1.00 |
| Series B Convertible Preferred Stock | 729,927 shares |
| Assigned Fair Value (729,927 x \$1.37 x 50%) | \$500,000 |
| Investment Cost | \$1,000,000 |
| Cost per Share | \$1.37 |
| Series C Convertible Preferred Stock | 36,496 shares |
| Assigned Fair Value (Investment Cost) | \$50,000 |
| Investment Cost | \$50,000 |
| Cost per Share | \$1.37 |
| % Ownership (Full Dilution) | 14.0% |
| Company Valuation at Cardinal Cost | \$27.8 million |
| Company Valuation at Assigned Fair Value | \$17.9 million |

Outlook:

We remain very optimistic about the prospects for our investment in VISICU.