

CHP II, L.P.
QUARTERLY REPORT
2nd QUARTER, 2005

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2nd QUARTER, 2005
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TO: The Limited Partners
FROM: John K. Clarke
DATE: August 19, 2005
SUBJECT: Activity for the Quarter Ended June 30, 2005

During the quarter, the CHP II portfolio continued to make good operational progress and we remain confident that the portfolio will produce top quartile returns for our investors. The following are short summaries of activity for the quarter in each of our portfolio companies.

AllainceCare (formerly Mobile Medical) - AllianceCare continued to make significant strides towards profitability in the current quarter. Revenues were up 12% over the prior quarter and the company had positive EBITDA for each month of the period. The expected synergies from the merger Alliance Care with Mobile Medical are materializing more slowly than anticipated. This coupled with longer than forecast lead times in opening new markets has resulted in the company missing its aggressive growth forecast for 2005. Revenues and earnings should continue to exhibit strong growth throughout the remainder of year, with management now forecasting revenues for 2005 to total \$80.3 million, with EBITDA of \$4.0 million. We do not expect the company to require any additional financing for the foreseeable future.

Alnylam Pharmaceuticals – During the quarter, Alnylam (NASDAQ: ALNY) continued to advance its pipeline of RNAi therapeutic programs, including the lead Direct RNAi programs for RSV infection and age-related macular degeneration. The pace of program development for RSV infection has accelerated, with IND enabling toxicology and manufacturing activities currently underway. The company also executed a number of licensing agreements and multiple reagent licenses, all of which create value in the near term and provide external validation for the strength of Alnylam's intellectual property estate in RNAi. The company ended the period with \$36.1 million in cash and has sufficient capital resources to fund operations through 2006.

AthenaHealth – Athena continued to perform well in the second quarter of 2005. Gross margins exceeded plan and the company has been EBITDA positive for the last six consecutive quarters. EBITDA and net income remain well ahead of budget. As the result of disappointing sales during the quarter, revenues were 6% below plan for the period, but strong June implementations and a large schedule of go lives in Q3 will contribute toward much stronger revenue growth (>17%) in the coming quarter. Operating cash flow for the quarter was >\$900K and the company will be self-supporting for the foreseeable future. We continue to believe Athena is well positioned to provide investor liquidity in the next 12-18 months.

CardioOptics – Cardio-Optics had many significant accomplishments during the quarter. The initial human clinical uses of the Coronary Sinus Access (CSA™) System were successfully completed in April, the 510k submission review process with the FDA for the CSA™ System has inspired confidence that approval will be granted as expected by the end of Q3, and additional refinements to the transparent electrode ablation project were completed. In July, the company will initiate a \$20 million second round financing effort. We are very optimistic the financing will be completed on favorable terms by the end of the year.

CodeRyte – CodeRyte exhibited solid financial and operational performance during the quarter, with virtually every metric of performance measurement showing improvement. Revenues grew 13.5% for the period and exceeded budget by 10%. New business booked for the quarter totaled \$2 million, a new record, and revenue per note processed hit an all time high. The company has \$2.5 million of annualized revenue in backlog, all of which will be implemented over the next six months. Monthly cash burn has averaged \$565K for the first six months of 2005, in line with expectations. Monthly cash burn is expected to average \$600K over the next 6 months as further infrastructure is put into place to meet expected growth. Cash burn is expected to moderate thereafter until the company attains cash flow breakeven in the later half of 2006.

IntelliCare America – IntelliCare has had a good beginning to 2005, meeting most of its financial targets and operating on a cash flow positive basis. The company is \$500K ahead of its cash flow forecast and should be cash flow positive for the rest of 2005. During the period, the investor syndicate put in place a \$2.5 million bridge financing facility to encourage the company's credit provider to extend the maturity of its current facility from April 2005 to April 2006. This was successful and the company was able to restructure its debt according to plan. Management and the investors do not expect the company will draw on the bridge facility during 2005. The engagement to sell the company was terminated during the period, as there had been no progress for the past few months.

Momenta – Progress on Momenta's (NASDAQ: MNTA) lead product, M-Enoxaparin (M-Enox) remained on plan during the quarter and the company reiterated its target to file an abbreviated new drug application ("ANDA") with the FDA by the end of August 2005. M-Enox is a technology-enabled generic version of the low molecular weight heparin drug Lovenox®, the largest selling low molecular weight heparin, with worldwide sales in 2004 of about \$2.4 billion. The company also continued to advance its other programs and remains on schedule to file an ANDA for M-Dalteparin and an IND for M118 with the FDA in mid-2006. Financial results for the quarter were in line with expectations and the company ended the period with \$47 million in cash. The company has sufficient capital resources to support operations well into 2007. The stock performed extremely well during the quarter, increasing 133% in value over the period.

Replication Medical – The second quarter was an extremely busy time for Replication: The company continued to ramp up its manufacturing capabilities at its New Jersey facility, completed the first human test of the revised device delivery system, and most significantly, reached agreement on a significant corporate alliance. At the end of the quarter, Replication was in the final stages of negotiations with Fortune 50 medtech giant Abbott Laboratories regarding a significant equity investment and co-development agreement. The equity investment piece will be priced at a \$71 million pre-money value. The agreement also includes an option by which Abbott would acquire the company according to a milestone-based payment schedule.

Rib-X Pharmaceuticals – During the quarter, the Rib-X management team completed a full analysis of the organization to determine whether existent corporate goals still make sense and whether the company is on track to meet them. The goals are: 1) to have a lead drug compound in phase I clinical trials by the end of 2005; 2) obtain an in-licensed product in phase I clinical trials by Q1 2006; 3) identify a candidate to treat community respiratory tract infections from the RX-02 program; and 4) identify a quality lead to pursue as a new class of agents to treat Gram-negative infections. At the conclusion of the analysis, management believes the company is on track towards achieving each of these goals. The company now has its lead compound, RX-1284, in tablet form for human consumption and it is very likely to initiate clinical trials in Q4 2005.

Sirtris Pharmaceuticals – During the quarter, Sirtris made good progress in both the scientific and operational arenas, strengthened its intellectual property portfolio and initiated discussions with potential strategic partners. With the hiring of a Chief Scientific Officer in May, the management team is essentially complete, as are the Scientific and Clinical Advisory Boards. Cash burn has averaged \$700K per month for the first six months of 2005. This is expected to rise to \$850K per month for the next six months, as the company accelerates its development programs into the clinic. The company has adequate capital resources to support this accelerated program well into 2008. Strategic and financial investor interest remains high, but the company will only pursue an additional financing in conjunction with a significant strategic collaboration.

Included in this report are financial statements for the period, a portfolio valuation memo, an update on each of our portfolio companies and a deal activity report for the quarter.

Deal Flow:

During the quarter, we have reviewed 62 business proposals. Current “A” deals include: Atyr Pharma, EKO Systems, Inset Technologies, Mitral Solutions, Nexgen, Spine Motion, and Spineology. An alphabetical list of all deals received with a brief business description, deal source and deal status is included in the Appendix to this report.

Financial Results:

There were two capital calls during the period for a total of \$1.1 million. Utilization of these funds included the \$400K investment in Cardio-Optics and the payment of fund fees and expenses. As of June 30, 2005, cumulative capital contributions stand at \$80.5 million or 68.5% of total commitments. Cash at the end of the period was \$677K and net assets totaled \$96.3 million. Net income for the quarter was \$23.9 million, consisting of \$628K in net operating expenses, offset by a \$77K realization related to the ParkStone escrow plus a \$24.5 million increase in cumulative unrealized portfolio appreciation. Changes in portfolio valuation for the quarter included an unrealized loss for Alnylam (\$63K) offset by an unrealized gain for Momenta (\$24.5 million); both related to public market price changes.

Looking forward:

Cumulative net to investors IRR has turned positive during the quarter and now stands at 5.4%. We are confident that the value potential of the portfolio remains substantially greater than that of our current carrying value and will produce excellent returns to our investors. During the quarter, the limited partners approved a one year extension to the time period for which the fund can make new investments. We greatly appreciate your support and vote of confidence.

In July, we completed a distribution of slightly over 75% of our holdings in Momenta at a total value of \$48.5 million. We remain very hopeful of providing additional meaningful liquidity to our partners during 2005. We continue to work diligently to build value in the portfolio and appreciate your input and support.

CHP II, L.P.
Income Statement
For the Period Ended June 30, 2005

	Three Months Ended 06/30/05	Six Months Ended 06/30/05
Revenue:		
Non Portfolio Income	\$11	\$1,776
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	645,795	1,306,591
Professional Fees	7,008	13,928
NVCA Dues & Expenses	0	0
Amortization of Organization Costs	0	0
Annual Meeting & Miscellaneous	3,318	4,118
Total Expenses	656,121	1,324,637
Net Operating Expense	(656,110)	(1,322,861)
Investment Income	27,816	40,531
Net Income Before Gains (Losses)	(628,294)	(1,282,330)
Realized Gains (Losses)	77,089	77,089
Unrealized Gains (Losses)	24,461,476	29,830,939
Net Income (Loss)	\$23,910,271	\$28,625,698

CHP II, L.P.
Balance Sheet
As of June 30, 2005

ASSETS:	Period Ended 06/30/05	Period Ended 03/31/05
Cash and Short-Term Investments	\$676,768	\$603,494
Accrued Interest	112,501	84,685
Venture Capital Investments	95,145,422	70,283,822
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	<u>398,703</u>	<u>378,525</u>
	<u>\$96,333,394</u>	<u>\$71,350,526</u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$11,000	\$28,403
Partners' Accounts	<u>96,322,394</u>	<u>71,322,123</u>
Total Liabilities and Capital	<u><u>\$96,333,394</u></u>	<u><u>\$71,350,526</u></u>

CHP II, L.P.
Footnotes
As of June 30, 2005

Note 1 – CHP II, L.P. is a Limited Partnership and as such is not subject to income taxes at the partnership level.

Note 2 – Accrued Interest	06/30/05	03/31/05
General Partner Promissory Notes	\$86,717	\$79,160
Cardio-Optics 8% Convertible Notes	25,784	5,525
Total	<u>\$112,501</u>	<u>\$84,685</u>

Note 3 – Net Organization Costs	06/30/05	03/31/05
Organization Costs	\$183,232	\$183,232
Accumulated Amortization	(183,232)	(183,232)
Total	<u>\$0</u>	<u>\$0</u>

Note 4 – Other Assets	06/30/05	03/31/05
GP Promissory Note Principal	\$382,353	\$377,175
Prepaid Management Fees	15,000	0
Prepaid NJ State Filing Fees	1,350	1,350
Total	<u>\$398,703</u>	<u>\$378,525</u>

Note 5 – Accrued Expenses and Payables	06/30/05	03/31/05
Professional Fees	\$11,000	\$28,403
NVCA Dues & Annual Meeting	0	0
Other Accrued Expenses	0	0
Total	<u>\$11,000</u>	<u>\$28,403</u>

Note 6 – Financial Highlights (Return & IRR)	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	38.94%	43.70%
Internal Rate of Return Since Inception	5.39%	6.62%

CHP II, L.P.
Statement of Cash Flows
For the Period Ended June 30, 2005

	Three Months Ended 06/30/05	Six Months Ended 06/30/05
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$628,294)	(\$1,282,330)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(27,816)	(40,531)
Accrued Organization Costs	0	0
Other Assets	(15,000)	(15,000)
Accrued Expenses & Payables	(17,403)	(14,745)
Net Cash used in Operating Activities	(688,513)	(1,352,606)
Cash flows from investing activities		
Purchases of venture capital investments	(400,124)	(4,476,549)
Sales of venture capital investments	77,089	77,089
Net cash used in investing activities	(323,035)	(4,398,641)
Cash flows from financing activities		
Cash contributions by partners	1,084,822	5,732,642
Cash distribution to partners	0	0
Net cash provided by financing activities	1,084,822	5,732,642
 Net Change in Cash and Short Term Investments	 73,274	 (18,605)
Cash and Short Term Investments, beginning	603,494	695,373
Cash and Short Term Investments, ending	\$676,768	\$676,768

CHP II, L.P.
Schedule of Venture Capital Investments
As of June 30, 2005

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AllianceCare, Inc.	\$0	\$4,980,410	\$4,980,410	\$4,980,410	\$0
Alnylam Pharmaceuticals	0	8,959,015	8,959,015	15,270,651	6,311,636
AthenaHealth, Inc.	0	5,000,001	5,000,001	8,181,820	3,181,819
Cardio-Optics, Inc.	1,200,372	3,001,279	4,201,651	4,201,651	0
CodeRyte, Inc.	0	2,780,004	2,780,004	2,780,004	0
IntelliCare America, Inc.	0	4,000,000	4,000,000	2,464,585	(1,535,415)
Molecular Mining Corp.	0	1,436,455	1,436,455	27,394	(1,409,061)
Momenta Pharmaceuticals, Inc.	0	6,823,506	6,823,506	42,906,554	36,083,048
Replication Medical	0	3,052,353	3,052,353	3,052,353	0
Rib-X Pharmaceuticals, Inc.	0	4,000,000	4,000,000	4,000,000	0
Sirtris Pharmaceuticals, Inc.	0	6,050,000	6,050,000	7,280,000	1,230,000
Totals	\$1,200,372	\$50,083,023	\$51,283,395	\$95,145,422	\$43,862,027

CHP II, L.P.
Statement of Partners' Contributions Accounts
As of June 30, 2005

	Partners' Total Subscription	Contributions Account 03/31/05	Period Contribution in Cash	Period Contribution by Note	Contributions Account 06/30/05	Partners' Outstanding Subscription
<u>Limited Partners</u>						
State Teachers Ret. System of Ohio	\$30,000,000	\$20,278,182	\$278,358	\$0	\$20,556,540	\$9,443,460
Nassau Capital Funds	10,000,000	6,759,393	92,786	0	6,852,179	3,147,821
Robert Wood Johnson Foundation	10,000,000	6,759,393	92,786	0	6,852,179	3,147,821
Northwestern University	10,000,000	6,759,393	92,786	0	6,852,179	3,147,821
LACERA	10,000,000	6,759,393	92,786	0	6,852,179	3,147,821
Textron Master Trust	10,000,000	6,759,393	92,786	0	6,852,179	3,147,821
Wachovia Investors, Inc. (First Union)	7,500,000	5,069,545	69,590	0	5,139,135	2,360,865
Pension Commissioners of City of LA	5,000,000	3,379,697	46,393	0	3,426,090	1,573,910
Princess Private Equity	5,000,000	3,379,697	46,393	0	3,426,090	1,573,910
Hillside Capital Incorporated	3,500,000	2,365,788	32,474	0	2,398,262	1,101,738
Hamilton Lane-Carpenters Fund	3,000,000	2,027,818	27,386	0	2,055,654	944,346
UNISYS Master Trust	3,000,000	2,027,818	27,386	0	2,055,654	944,346
Venture Investment Associates III, L.P.	2,300,000	1,554,661	21,340	0	1,576,001	723,999
Fleet Growth Resources (Summit)	2,000,000	1,351,879	18,557	0	1,370,436	629,564
S.R. One Limited	2,000,000	1,351,879	18,557	0	1,370,436	629,564
QFinance (Pharma BioDevelopment)	2,000,000	1,351,879	18,557	0	1,370,436	629,564
Private Equity Holdings II, Ltd.	1,000,000	675,939	9,279	0	685,218	314,782
	\$116,300,000	\$78,611,747	\$1,079,100	\$0	\$79,690,847	\$36,609,153
<u>General Partner</u>						
CHP II Management, LLC.	1,174,747	794,058	5,722	5,178	804,958	369,789
Total Partnership	\$117,474,747	\$79,405,805	\$1,084,822	\$5,178	\$80,495,805	\$36,978,942

CHP II, L.P.
Statement of Partners' Distributive Share of Net Assets
For the Period Ended June 30, 2005

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 06/30/05
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$9,131,822	\$14,370,828	\$167,173	\$126,277	\$23,796,100	(\$2,717)	\$23,793,383
Nassau Capital Funds	3,043,940	4,790,274	55,725	42,092	7,932,031	(906)	7,931,125
Robert Wood Johnson Foundation	3,043,940	4,790,274	55,725	42,092	7,932,031	(906)	7,931,125
Northwestern University	3,043,940	4,790,274	55,725	42,092	7,932,031	(906)	7,931,125
LACERA	3,043,940	4,790,274	55,725	42,092	7,932,031	(906)	7,931,125
Textron Master Trust	3,043,940	4,790,274	55,725	42,092	7,932,031	(906)	7,931,125
Wachovia Investors, Inc. (First Union)	2,282,955	3,592,707	41,794	31,569	5,949,025	(679)	5,948,346
Pension Commissioners of City of LA	1,521,970	2,395,137	27,862	21,046	3,966,015	(453)	3,965,562
Princess Private Equity	1,521,970	2,395,137	27,862	21,046	3,966,015	(453)	3,965,562
Hillside Capital Incorporated	1,065,378	1,676,595	19,504	14,733	2,776,210	(317)	2,775,893
Hamilton Lane-Carpenters Fund	913,182	1,437,082	16,717	12,628	2,379,609	(272)	2,379,337
UNISYS Master Trust	913,182	1,437,082	16,717	12,628	2,379,609	(272)	2,379,337
Venture Investment Associates III, L.P.	700,105	1,101,763	12,817	9,681	1,824,366	(208)	1,824,158
Fleet Growth Resources (Summit)	608,788	958,055	11,145	8,418	1,586,406	(181)	1,586,225
S.R. One Limited	608,788	958,055	11,145	8,418	1,586,406	(181)	1,586,225
QFinance (Pharma BioDevelopment)	608,708	958,055	11,145	8,418	1,586,406	(181)	1,586,225
Private Equity Holdings II, Ltd.	304,392	479,027	5,572	4,210	793,201	(90)	793,111
	\$35,401,020	\$55,710,893	\$648,078	\$489,532	\$92,249,523	(\$10,534)	\$92,238,989
<u>General Partner</u>							
CHP II Management, LLC.	1,567,197	2,466,312	28,690	21,672	4,083,871	(466)	4,083,405
Total Partnership	\$36,968,217	\$58,177,205	\$676,768	\$511,204	\$96,333,394	(\$11,000)	\$96,322,394

CHP II, L.P.
Statement of Partners' Capital Accounts *
For the Three Months Ended June 30, 2005

<u>Limited Partner</u>	Partners' Capital 03/31/05	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 06/30/05
State Teachers Ret. System of Ohio	\$18,213,822	\$278,358	\$4	(\$160,453)	\$19,687	(\$140,762)	\$5,441,965	\$0	\$23,793,383
Nassau Capital Funds	6,071,272	92,786	1	(53,484)	6,562	(46,921)	1,813,988	0	7,931,125
Robert Wood Johnson Foundation	6,071,272	92,786	1	(53,484)	6,562	(46,921)	1,813,988	0	7,931,125
Northwestern University	6,071,272	92,786	1	(53,484)	6,562	(46,921)	1,813,988	0	7,931,125
Textron Master Trust	6,071,272	92,786	1	(53,484)	6,562	(46,921)	1,813,988	0	7,931,125
LACERA	6,071,272	92,786	1	(53,484)	6,562	(46,921)	1,813,988	0	7,931,125
Wachovia Investors (First Union)	4,553,455	69,590	0	(40,113)	4,922	(35,191)	1,360,492	0	5,948,346
Pension Commissioners-City of LA	3,035,636	46,393	1	(26,742)	3,281	(23,460)	906,993	0	3,965,562
Princess Private Equity	3,035,636	46,393	1	(26,742)	3,281	(23,460)	906,993	0	3,965,562
Hillside Capital Incorporated	2,124,946	32,474	0	(18,719)	2,297	(16,422)	634,895	0	2,775,893
Hamilton Lane-Carpenters Fund	1,821,381	27,386	0	(16,046)	1,970	(14,076)	544,196	0	2,379,337
UNISYS Master Trust	1,821,381	27,386	0	(16,046)	1,970	(14,076)	544,196	0	2,379,337
Venture Investment Associates III	1,396,393	21,340	0	(12,301)	1,509	(10,792)	417,217	0	1,824,158
Fleet Growth Resources	1,214,255	18,557	0	(10,697)	1,312	(9,385)	362,798	0	1,586,225
S.R. One Limited	1,214,255	18,557	0	(10,697)	1,312	(9,385)	362,798	0	1,586,225
QFinance (Pharma BioDevelopment)	1,214,255	18,557	0	(10,697)	1,312	(9,385)	362,798	0	1,586,225
Private Equity Holdings II, Ltd.	607,126	9,279	0	(5,349)	656	(4,693)	181,399	0	793,111
<u>General Partner</u>	\$70,608,901	\$1,079,100	\$11	(\$622,022)	\$76,319	(\$545,692)	\$21,096,680	\$0	\$92,238,989
CHP II Management, LLC.	336,047	5,722	0	(6,283)	770	(5,513)	3,364,796	0	3,701,052
Total Partnership	\$70,944,948	\$1,084,822	\$11	(\$628,305)	\$77,089	(\$551,205)	\$24,461,476	\$0	\$95,940,041

*-Statement of Partners' Capital does not include contributions made by the General Partner in the form of Promissory Notes.

CHP II, L.P.
Statement of Partners' Capital Accounts *
For the Six Months Ended June 30, 2005

<u>Limited Partner</u>	Partners' Capital 01/01/05	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 06/30/05
State Teachers Ret. System of Ohio	\$15,817,027	\$1,470,955	\$455	(\$327,927)	\$19,687	(\$307,785)	\$6,813,186	\$0	\$23,793,383
Nassau Capital Funds	5,272,341	490,318	151	(109,309)	6,562	(102,596)	2,271,062	0	7,931,125
Robert Wood Johnson Foundation	5,272,341	490,318	151	(109,309)	6,562	(102,596)	2,271,062	0	7,931,125
Northwestern University	5,272,341	490,318	151	(109,309)	6,562	(102,596)	2,271,062	0	7,931,125
Textron Master Trust	5,272,341	490,318	151	(109,309)	6,562	(102,596)	2,271,062	0	7,931,125
LACERA	5,272,341	490,318	151	(109,309)	6,562	(102,596)	2,271,062	0	7,931,125
Wachovia Investors (First Union)	3,954,257	367,739	113	(81,982)	4,922	(76,947)	1,703,297	0	5,948,346
Pension Commissioners-City of LA	2,636,170	245,159	76	(54,654)	3,281	(51,297)	1,135,530	0	3,965,562
Princess Private Equity	2,636,170	245,159	76	(54,654)	3,281	(51,297)	1,135,530	0	3,965,562
Hillside Capital Incorporated	1,845,319	171,611	53	(38,258)	2,297	(35,908)	794,871	0	2,775,893
Hamilton Lane-Carpenters Fund	1,581,702	147,095	45	(32,793)	1,970	(30,778)	681,318	0	2,379,337
UNISYS Master Trust	1,581,702	147,095	45	(32,793)	1,970	(30,778)	681,318	0	2,379,337
Venture Investment Associates III	1,212,638	112,773	35	(25,141)	1,509	(23,597)	522,344	0	1,824,158
Fleet Growth Resources	1,054,468	98,064	30	(21,862)	1,312	(20,520)	454,213	0	1,586,225
S.R. One Limited	1,054,468	98,064	30	(21,862)	1,312	(20,520)	454,213	0	1,586,225
QFinance (Pharma BioDevelopment)	1,054,468	98,064	30	(21,862)	1,312	(20,520)	454,213	0	1,586,225
Private Equity Holdings II, Ltd.	527,233	49,032	15	(10,931)	656	(10,260)	227,106	0	793,111
	\$61,317,327	\$5,702,400	\$1,758	(\$1,271,264)	\$76,319	(1,193,187)	\$26,412,449	\$0	\$92,238,989
<u>General Partner</u>									
CHP II Management, LLC.	264,373	30,242	18	(12,841)	770	(12,053)	3,418,490	0	3,701,052
Total Partnership	\$61,581,700	\$5,732,642	\$1,776	(\$1,284,105)	\$77,089	(\$1,205,240)	\$29,830,939	\$0	\$95,940,041

*-Statement of Partners' Capital does not include contributions made by the General Partner in the form of Promissory Notes.

CHP II, L.P.
Statement of Partners' Accounts
For the Period from April 25, 2000 to June 30, 2005

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Account
<u>Limited Partners</u>								
State Teachers Ret. System of Ohio	\$20,556,540	\$17,390	(\$3,876,561)	(\$3,300,347)	(\$7,159,518)	\$10,396,361	\$0	\$23,793,383
Nassau Capital Funds	6,852,179	5,797	(1,292,188)	(1,100,117)	(2,386,508)	3,465,454	0	7,931,125
Robert Wood Johnson Foundation	6,852,179	5,797	(1,292,188)	(1,100,117)	(2,386,508)	3,465,454	0	7,931,125
Northwestern University	6,852,179	5,797	(1,292,188)	(1,100,117)	(2,386,508)	3,465,454	0	7,931,125
LACERA	6,852,179	5,797	(1,292,188)	(1,100,117)	(2,386,508)	3,465,454	0	7,931,125
Textron Master Trust	6,852,179	5,797	(1,292,188)	(1,100,117)	(2,386,508)	3,465,454	0	7,931,125
Wachovia Investors, Inc. (First Union)	5,139,135	4,348	(969,141)	(825,087)	(1,789,880)	2,599,091	0	5,948,346
Pension Commissioners of City of LA	3,426,090	2,899	(646,094)	(550,060)	(1,193,255)	1,732,727	0	3,965,562
Princess Private Equity	3,426,090	2,899	(646,094)	(550,060)	(1,193,255)	1,732,727	0	3,965,562
Hillside Capital Incorporated	2,398,262	2,028	(452,265)	(385,041)	(835,278)	1,212,909	0	2,775,893
Hamilton Lane-Carpenters Fund	2,055,654	1,739	(387,657)	(330,034)	(715,952)	1,039,635	0	2,379,337
UNISYS Master Trust	2,055,654	1,739	(387,657)	(330,034)	(715,952)	1,039,635	0	2,379,337
Venture Investment Associates III	1,576,001	1,334	(297,204)	(253,027)	(548,897)	797,054	0	1,824,158
Fleet Growth Resources (Summit)	1,370,436	1,159	(258,437)	(220,024)	(477,302)	693,091	0	1,586,225
S.R. One Limited	1,370,436	1,159	(258,437)	(220,024)	(477,302)	693,091	0	1,586,225
QFinance (Pharma BioDevelopment)	1,370,436	1,159	(258,437)	(220,024)	(477,302)	693,091	0	1,586,225
Private Equity Holdings II, Ltd.	685,218	580	(129,219)	(110,012)	(238,651)	346,544	0	793,111
	\$79,690,847	\$67,418	(\$15,028,143)	(\$12,794,359)	(\$27,755,084)	\$40,303,326	\$0	\$92,238,989
<u>General Partner</u>								
CHP II Management, LLC.	804,958	682	(151,800)	(129,236)	(280,354)	3,558,801	0	4,083,405
Total Partnership	\$80,495,805	\$68,100	(\$15,179,943)	(\$12,923,595)	(\$28,035,438)	\$43,862,027	\$0	\$96,322,394

CHP II, L.P.
Comprehensive Fund Investment Summary
For the Period from April 25, 2000 to June 30, 2005

Portfolio Company	Investment Cost	GAAP Fair Value	Unrealized Gain (Loss)	Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<u>Public Company Securities</u>						
Alnylam Pharmaceuticals, Inc.	\$8,959,015	\$15,270,651	\$6,311,636	\$0	\$0	\$6,311,636
Momenta Pharmaceuticals, Inc.	6,823,506	42,906,554	36,083,048	0	0	36,083,048
<u>Private Company Investments</u>						
AllianceCare, Inc.	4,980,410	4,980,410	0	0	0	0
AthenaHealth, Inc.	5,000,001	8,181,820	3,181,819	0	0	3,181,819
Cardio-Optics, inc.	4,201,651	4,201,651	0	0	0	0
CodeRyte, Inc.	2,780,004	2,780,004	0	0	0	0
Intellicare America, Inc.	4,000,000	2,464,585	(1,535,415)	0	0	(1,535,415)
Molecular Mining Corporation	1,509,061	27,394	(1,409,061)	72,606	0	(1,409,061)
Replication Medical, Inc.	3,052,353	3,052,353	0	0	0	0
Rib-X Pharmaceuticals, Inc.	4,000,000	4,000,000	0	0	0	0
SirTris Pharmaceuticals, Inc.	6,050,000	7,280,000	1,230,000	0	0	1,230,000
<u>Fully Disposed Investments</u>						
IPhysicianNet, Inc.	5,757,897	0	0	0	(5,757,897)	(5,757,897)
ParkStone Medical Information Systems	7,575,278	0	0	409,850	(7,165,698)	(7,165,698)
	\$64,689,176	\$95,145,422	\$43,862,027	\$482,186	(\$12,923,595)	\$30,938,432

TO: The Limited Partners

FROM: John J. Park

DATE: July 15, 2005

SUBJECT: Portfolio Valuations for June 30, 2005

Investment securities held by CHP II, L.P. (the "Partnership") have been valued in accordance with the Standard Valuation Policy of the Partnership. In accordance with the Policy, we propose to value restricted securities at cost, until subsequent events of a significant nature indicate the need for a change. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner for those investments not valued at cost as of June 30, 2005.

ALNYLAM PHARMACEUTICALS – On May 28, 2004, Alnylam (NASDAQ:ALNY) completed an initial public offering priced at \$6.00 per share, selling 5.75 million shares, with net proceeds to the company of \$32.4 million. Concurrent with the completion of the IPO, the company enacted a reverse split on all outstanding shares at a ratio of 1.9 to 1, with all shares of preferred stock automatically being converted to common stock. Accordingly, all of the CHP II holdings of preferred stock have converted into 1,859,370 shares of Alnylam common stock, with a combined cost basis of \$7,564,015. In addition, CHP II purchased 232,500 shares of Alnylam common stock in the IPO, at a total cost of \$1,395,000.

As of June 30, 2005, CHP II holds 2,091,870 shares of Alnylam common stock. None of these shares are subject to any trading restrictions. We therefore propose to value the Alnylam investment at the closing market price on June 30, 2005 of \$7.30 per share. This results in a total valuation of \$15,270,651 with an unrealized gain of \$6,311,636 on our cost basis of \$8,959,015 as of June 30, 2005. This valuation represents a decrease of \$62,756 from the valuation for Alnylam as of March 31, 2005.

Value Computation:

Common Stock		
2,091,870 shares	x \$7.30	= <u>\$15,270,651</u>

CHP II, L.P.**Portfolio Valuations as of June 30, 2005****Page 2 of 4**

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. CHP II was not a participant in the financing. We propose to value our investment at the Series E price of \$5.04, resulting in an unrealized gain of \$3,181,819 on our cost basis of \$5,000,001 as of June 30, 2005. This valuation represents no change from the valuation for AthenaHealth as of March 31, 2005.

Value Computation:

$$\begin{array}{rcl} \text{Series D Convertible Preferred Stock} & & \\ 1,623,377 \text{ shares} \times \$5.04 & = & \underline{\underline{\$8,181,820}} \end{array}$$

INTELLICARE – In May 2002, IntelliCare completed a \$10.15 million second round financing at \$0.1923 per share, valuing the company at \$20.15 post-money. New investor Canaan Partners led the financing, with CHP II contributing \$1 million. We propose to value our investment on the basis of this financing, resulting in an unrealized loss of \$1,535,415 on our cost basis of \$4,000,000 as of June 30, 2005. This valuation represents no change from the valuation for IntelliCare as of March 31, 2005.

Value Computation:

$$\begin{array}{rcl} \text{Series B Convertible Preferred Stock} & & \\ 7,616,146 \text{ CSE's} \times \$0.1923 & = & \$1,464,585 \\ \text{Series C Convertible Preferred Stock} & & \\ 5,200,208 \text{ shares} \times \$0.1923 & = & \underline{\underline{1,000,000}} \\ \text{Total Value} & & \underline{\underline{\$2,464,585}} \end{array}$$

CHP II, L.P.

Portfolio Valuations as of June 30, 2005

Page 3 of 4

MOLECULAR MINING - During the first quarter of 2003, as the result of an inability to attain additional outside financing and a lack of sufficient operational progress, management and the Board of Directors decided to cease operations and sell the assets of the company. Consequently, we reduced the carrying value of our investment to \$100,000, reflecting a conservative estimate of our share of the Series B Preferred proceeds from liquidation. Since December 2003, the company has distributed \$72,606 to CHP II, representing our share of the liquidation proceeds to date. As a result, we have reduced the carrying value for the investment to \$27,394 (\$100,000 - \$72,606). At this valuation, our investment shows an unrealized loss of \$1,409,061 on a remaining cost basis of \$1,437,273 as of June 30, 2005. This valuation represents no change from our carrying value for Molecular Mining as of March 31, 2005.

Value Computation:

$$\begin{array}{rcl} \text{Series B Convertible Preferred Stock} & & \\ 737,422 \text{ shares} & = & \underline{\$27,394} \end{array}$$

MOMENTA PHARMACEUTICALS – On June 21, 2004, Momena (NASDAQ:MNTA) completed an initial public offering of its securities priced at \$6.50 per share, selling 6.15 million shares, with net proceeds to the company of \$37.2 million. Concurrent with the completion of the IPO, the company enacted a 1 to 1.28 split on all outstanding shares, with all shares of preferred stock automatically being converted to common stock. Accordingly, all of the CHP II holdings of preferred stock have been converted into 2,101,286 shares of Momena common stock, with a combined cost basis of \$6,375,006. In addition, CHP II purchased 69,000 shares of Momena common stock in the IPO, at a total cost of \$448,500.

As of June 30, 2005, CHP II holds 2,170,286 shares of Momena common stock. None of these shares are subject to any trading restrictions. We therefore propose to value the Momena investment at the closing market price on June 30, 2005 of \$19.77 per share. This results in a total valuation of \$42,906,554 with an unrealized gain of \$36,083,048 on our cost basis of \$6,823,506 as of June 30, 2005. This valuation represents an increase of \$24,524,232 from the valuation for Momena as of March 31, 2005.

Value Computation:

$$\begin{array}{rcl} \text{Common Stock} & & \\ 2,170,286 \text{ shares} \times \$19.77 & = & \underline{\$42,906,554} \end{array}$$

CHP II, L.P.
Portfolio Valuations as of June 30, 2005
Page 4 of 4

SIRTRIS PHARMACEUTICALS – On February 25, 2005, Sirtris completed a \$27 million Series B Preferred stock financing priced at \$0.80 per share and valuing the Company at \$30 million pre-money. Two new investors, Three Arch Partners and Cargill Ventures, co-led this financing, with CHP II investing \$3.0 million. We propose to value our investment at the Series B price of \$0.80, resulting in a total value of \$7,280,000, with a corresponding unrealized gain of \$1,230,000 on our cost basis of \$6,050,000 as of June 30, 2005. This valuation represents no change from the valuation for Sirtris as of March 31, 2005.

Value Computation:

Series A Convertible Preferred Stock		
1,600,000 shares x \$0.80	=	\$1,280,000
Series A-1 Convertible Preferred Stock		
3,750,000 shares x \$0.80		3,000,000
Series B Convertible Preferred Stock		
3,750,000 shares x \$0.80	=	<u>3,000,000</u>
Total Value		<u>\$7,280,000</u>

CHP II, L.P.
Portfolio Investment Valuation Summary
For the Quarter ended June 30, 2005

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value</u> <u>06/30/05</u>	<u>Fair Value</u> <u>03/31/05</u>	<u>Change from</u> <u>Prior Quarter</u>	<u>Reason for Change</u>
AllianceCare, Inc.	\$4,980,410	\$4,980,410	\$4,980,410	\$0	
Alnylam Pharmaceuticals, Inc.	\$8,959,015	\$15,270,651	\$15,333,407	(\$62,756)	Market Price Decrease. (note 1)
AthenaHealth, Inc.	\$5,000,001	\$8,181,820	\$8,181,820	\$0	
CardioOptics, Inc.	\$4,201,651	\$4,201,651	\$3,801,527	400,124	Follow-on Investment. (note 2)
CodeRyte, Inc.	\$2,780,004	\$2,780,004	\$2,780,004	\$0	
Intellicare America, Inc.	\$4,000,000	\$2,464,585	\$2,464,585	\$0	
Molecular Mining Corporation	\$1,436,455	\$27,394	\$27,394	\$0	
Momenta Pharmaceuticals	\$6,823,506	\$42,906,554	\$18,382,322	\$24,524,232	Market Price Increase. (note 3)
Replication Medical	\$3,052,353	\$3,052,353	\$3,052,353	\$0	
Rib-X Pharmaceuticals	\$4,000,000	\$4,000,000	\$4,000,000	\$0	
Sirtris Pharmaceuticals	\$6,050,000	\$7,280,000	\$7,280,000	\$0	
Total Portfolio	\$51,283,395	\$95,145,422	\$70,283,822	\$24,861,600	

1. After the completion of the Alnylam IPO in May 2004, CHP II holds 2,091,870 shares of Alnylam common stock. All of these shares are now freely tradable and we propose to value our securities at the closing price for Alnylam common stock (NASDAQ:ALNY) as of June 30, 2005 of \$7.30 per share. The valuation decrease for the period reflects the change from the closing price as of March 31, 2005 of \$7.33 per share.
2. During the quarter, CHP II contributed \$400K towards \$1 million of bridge financing for Cardio-Optics. The financing was in the form of 8% secured convertible promissory notes.
3. After the completion of the Momenta IPO in June 2004, CHP II holds 2,170,286 shares of Momenta common stock. All of these shares are now freely tradable and in accordance with the CHP II valuation policy, we propose to value our holdings at the closing market price for Momenta common stock (NASDAQ: MNTA) as of June 30, 2005 of \$19.77 per share. The valuation increase reflects the change from the closing price as of March 31, 2005 of \$8.47 per share.

ALLIANCECARE, INC.
(formerly Mobile Medical Industries)
Boca Raton, FL
{www.mobilemedicalind.com}

Provider of comprehensive integrated medical and rehabilitation services.

Period Summary: 2nd Quarter, 2005

AllianceCare continued to make significant strides towards profitability in the current quarter. Revenues were up 12% over the prior quarter and the company had positive EBITDA for each month of the period. The expected synergies from the merger Alliance Care with Mobile Medical are materializing more slowly than anticipated. This coupled with longer than forecast lead times in opening new markets has resulted in the company missing its aggressive growth forecast for 2005. Revenues and earnings should continue to exhibit strong growth throughout the remainder of year, with management now forecasting revenues for 2005 to total \$80.3 million, with EBITDA of \$4.0 million. Management has begun implementation of a managerial design initiative intended to improve all levels of performance measurement and accountability.

Financial performance as compared to budget was behind plan for the quarter. Revenues were \$19.0 million for the period, 12% higher than the prior period, but 16% behind budget. Year-to-date revenues are \$36 million and 15% behind budget. The revenue variance results primarily from longer than forecast lead times in opening new markets, coupled with a longer than forecast conversion cycle for Alliance Care clients. The original 2005 budget contained very aggressive growth forecasts for both new markets and client conversion. Management has tempered those expectations for the remainder of the year and now expects revenue growth to average 12% per quarter, versus the budgeted 15%. Gross margins have been steady at 44% for most of the year, which are 2% below plan. All three months of the quarter were EBITDA positive, marking five consecutive months of positive EBITDA performance.

Momentum is positive throughout the AllianceCare organization. The integration of the December 2004 merger is complete, with much of the hoped-for synergies beginning to bear fruit. For each of the last five months, the company has exhibited sequential growth in revenue and earnings. The keys for management will be to improve performance within its core businesses throughout the rest of the year and to demonstrate the ability to open new markets in a cost effective and predictable manner. We remain enthusiastic about the long-term prospects for the company.

ALLIANCECARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Budget</i>
Revenues	23,911	30,440	33,583	41,820	96,257
Direct Expenses	10,967	15,872	17,013	22,808	51,816
SG&A	15,197	19,011	23,287	21,748	37,308
EBIT	-2,253	-4,443	-6,717	-2,736	7,133
Other Inc. & Exp.	-1,760	-1,263	-125	-87	-2,116
Net Income	-4,013	-5,706	-6,842	-2,823	5,017
EBITDA	-1,248	-3,966	-6,174	-2,230	+8,055

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	18,915	22,608	-3,693
Direct Expenses	10,635	12,161	+1,526
SG&A	7,864	8,571	+707
EBIT	416	1,876	-1,460
Interest, Taxes & Other	-529	-553	+24
Net Income	-113	+1,323	-1,436
EBITDA	+631	+2,080	-1,449

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	35,755	42,309	-6,554
Direct Expenses	19,937	22,784	+2,847
SG&A	15,624	16,670	+1,046
EBIT	194	2,855	-2,661
Interest, Taxes & Other	-962	-1,020	+58
Net Income	-768	1,835	-2,603
EBITDA	+586	+3,239	-2,653

ALLIANCECARE, INC. (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 1,639	Accounts Payable	\$ 2,401
Accounts Receivable	12,164	Accrued Expenses	4,274
Other Current Assets	<u>1,709</u>	Other Current Liabilities	<u>4,311</u>
Total Current Assets	15,512	Total Current Liabilities	10,986
Net PP&E	1,682	Debt and Other Liabilities	16,565
Acquired Goodwill (Net)	27,167	Shareholders Equity	44,223
Other Assets	<u>1,135</u>	Retained Earnings	<u>-26,278</u>
Total Assets	<u>\$45,496</u>	Total Liabilities & Equity	<u>\$45,496</u>

Comments:

The company operated on a cash flow positive basis for the quarter. We expect this to continue for the next two quarters. The company has adequate borrowing capacity and no additional financing should be necessary for the foreseeable future.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	400,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$4,000,000
Cost per Share	\$10.00
Series C Convertible Preferred Stock	98,041 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$980,410
Cost per Share	\$10.00
Warrants for Series C Convertible Preferred Stock	29,412 shares
Exercise Price Per Share	\$10.00
% Ownership (Full Dilution)	7.9%
Company Valuation at CHP II Cost	\$63.0 million
Company Valuation at Assigned Fair Value	\$63.0 million

Outlook:

We are confident that financial performance at AllianceCare will continue to show improvement and remain optimistic about the prospects for a good return on our investment.

ALNYLAM PHARMACEUTICALS, INC.
Cambridge, MA
{www.alnylam.com}

Therapeutics Based on the Novel Biological Mechanism of RNA Interference

Period Summary: 2nd Quarter, 2005

Alnylam (NASDAQ: ALNY) reported steady progress against their overall clinical and business objectives for 2005. During the second quarter, the company continued to advance its pipeline of RNAi therapeutic programs, including the lead Direct RNAi programs for RSV infection and age-related macular degeneration. The pace of program development for RSV infection has accelerated, with IND enabling toxicology and manufacturing activities currently underway. The company also executed a number of licensing agreements and multiple reagent licenses, all of which create value in the near term and provide external validation for the strength of Alnylam's intellectual property estate in RNAi. The company ended the period with \$36.1 million in cash and reiterated guidance that it has sufficient current capital resources to fund operations through 2006.

Financial results for the quarter were in line with expectations. Revenues for the quarter were \$1.1 million, an increase of \$1.0 million over the prior year period. The increase in revenues is primarily the result of cost reimbursement revenues related to the Merck ocular collaboration agreement. Research and development expenses were \$9.2 million for the quarter, as compared to \$4.2 million for the same period in 2004. The increase in R&D expenses is primarily due to a \$2.1 million non-cash charge related to an amendment to its license agreement with Garching. In addition, the company incurred higher external research costs related to the RSV program. General and administrative expenses were \$3.1 million for the quarter and generally flat as compared to the second quarter of 2004. At June 30, 2005, Alnylam has a cash balance of \$31.6 million. Management continues to expect its cash and marketable securities balance will be greater than \$25 million at December 31, 2005 and that its existing cash position, together with the cash expected to be generated under its current alliances, will fund operations through the end of 2006. Alnylam has \$2.0 million available on its capital equipment financing line with Lighthouse Capital.

In May 2005, Alnylam announced a collaboration with researchers from the University of Georgia to discover and develop a Direct RNAi™ therapeutic for the treatment and prevention of respiratory infection from newly emerging, highly pathogenic strains of influenza virus (Pandemic Flu). Alnylam will apply RNAi technology to the discovery of short interfering RNAs (siRNAs) that target key flu genes required for virus replication and seek to demonstrate potent anti-viral activity across multiple flu strains, including H5N1.

ALNYLAM PHARMACEUTICALS (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/05</u>	<u>06/30/04</u>
Revenues	1,108	131	2,751	265
Research & Development	9,190	4,159	14,562	14,594
General & Administrative	<u>3,122</u>	<u>2,947</u>	<u>6,074</u>	<u>5,978</u>
Loss from Operations	-11,204	-6,975	-17,885	-20,307
Other Income (Expense)	<u>+59</u>	<u>-732</u>	<u>+140</u>	<u>-2,944</u>
Net Income (Loss)	-11,145	-7,707	-17,745	-23,251
Earnings Per Share (\$)	-\$0.54	-\$1.10	-\$0.86	-\$5.39

Summary Balance Sheet as of June 30, 2005:

Cash	\$ 31,642	Accounts Payable	\$ 1,612
Receivables	679	Accrued Expenses	6,019
Other Current Assets	<u>1,519</u>	Deferred Revenue	<u>4,974</u>
Total Current Assets	33,840	Total Current Liabilities	12,605
Net PP&E	11,084	Long Term Liabilities	8,869
Intangible & Other Assets	<u>5,938</u>	Shareholders Equity (Net)	<u>29,388</u>
Total Assets	<u>\$50,862</u>	Total Liabilities & Equity	<u>\$50,862</u>

Comments:

Management expects to end 2005 with a cash balance in excess of \$25 million. Current capital is forecast to be sufficient to support operations into 2007.

CHP II, L.P. Holdings:

Common Stock	2,091,870 shares
Assigned Fair Value (2,091,870 x \$7.30)	\$15,270,651
Investment Cost	\$8,959,015
Cost per Share	\$4.283
% Ownership (Shares Outstanding)	10.03%
Company Valuation at CHP II Cost	\$89.1 million
Company Valuation at Market (\$7.30 per share)	\$150.4 million

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 2nd Quarter, 2005

Athena continued to perform well in the second quarter of 2005. Revenues for the quarter were \$12.6 million, a 6% growth over the prior period, although 6% below budget. Strong June implementations and a large schedule of go lives in Q3 will contribute toward much stronger growth (>17%) in the coming quarter. Gross margins exceeded plan and the company has been EBITDA positive for the last six consecutive quarters. EBITDA and net income remain well ahead of budget. Operating cash flow for the quarter was >\$900K, as the result of improved collections coupled with higher than forecast client implementations. Sales for the quarter were a disappointing 50% of forecast, primarily from a lengthening sales cycle as compared to plan. The company made significant quantitative and qualitative progress in its new growth programs of Anesthesiology, small group practices and clinicals.

Athena posted good financial results for the quarter. Revenues for the period were \$12.6 million for the period and stand at \$24.6 million year-to-date. The current annualized revenue run rate exceeds \$51 million. Revenues were 6% behind plan for both the quarter and YTD. Revenue growth has been hindered by lower sales and slower revenue ramp-up at new accounts. Implementations for the quarter were \$3.75 million, 63% ahead of plan. Gross margins were 49% for the quarter and slightly ahead of expectations. Operating expenses were better than plan primarily due to lower headcount. EBITDA exceeded budget by 153%, helping the company produce \$916K of positive cash flow for the quarter. Net new contract signings during the period totaled \$4.8 million, 50% lower than quota for the period. Deal volume was high, however the larger deals originally forecast to close during the period (totaling \$4.9 MM) are now expected to close in Q3. The company has experienced a lengthening in the sales cycle for the larger accounts. The pipeline for the next quarter stands at \$35 MM, with \$7.1 MM in the final stages of negotiation. We fully expect to see sales growth exceed 60% in the next quarter.

Athena's current annualized revenue run rate is \$51.6 million, on a contract base of \$69 million. While the forecast for the remainder of the year will be adversely affected by the lower Q2 sales, the company is operating at cash flow positive, has a strong balance sheet, high gross margins, a robust recurring revenue model and a strong sales pipeline. We view Athena as a very attractive candidate for a liquidity event in the next 12-18 months and remain very 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 Actual*</i>	<i>2005 Budget</i>
Revenues	3,459	11,985	24,666	39,025	58,790
Direct Expenses	6,480	10,137	16,148	21,520	30,833
SG&A	9,278	8,860	10,501	16,497	26,257
EBITDA	-12,299	-7,012	-1,983	1,008	1,700
Depreciation	-1,636	-2,493	-2,894	-3,158	-4,728
Interest and Taxes	855	-55	-475	-1,212	-1,250
Net Income	-13,080	-9,560	-5,352	-3,362	-4,278

* - Subject to Audit

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	12,652	13,521	-869
Direct Expenses	6,461	7,886	+1,425
SG&A	5,745	6,461	+716
EBITDA	446	-826	+1,272
Depreciation	-978	-1,139	+161
Interest and Taxes	-360	-368	+8
Net Income	-892	-2,333	+1,441

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	24,655	26,160	-1,505
Direct Expenses	12,479	14,436	+1,957
SG&A	11,305	12,302	+997
EBITDA	871	-578	+1,449
Depreciation	-1,835	-2,087	+252
Interest and Taxes	-650	-626	-24
Net Income	-1,614	-3,291	+1,677

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 14,095	A/P and Accrued Expenses	\$ 7,126
Accounts Receivable	6,136	Deferred Revenue	2,588
Other Current Assets	<u>1,056</u>	Current Portion of Debt	<u>7,034</u>
Total Current Assets	21,287	Total Current Liabilities	16,748
Net PP&E	10,063	Long Term Liabilities	12,956
Intangibles (Net)	3,078	Shareholders Equity	51,079
Other Assets	<u>178</u>	Retained Earnings	<u>-46,177</u>
Total Assets	<u>\$34,606</u>	Total Liabilities & Equity	<u>\$34,606</u>

Comments:

Athena is \$1.25 million ahead on its cash forecast for the year due to improved collections and operating performance. Lower Q2 sales are expected to adversely impact cash flow performance for the remainder of 2005, with the company operating at closer to cash flow neutral. Management is exploring options to restructure its long term debt and free up some more liquidity by year-end to support continued operational expansion.

CHP II, L.P. Holdings:

Series D Convertible Preferred Stock	1,623,377 shares
Assigned Fair Value (\$5.04 x 1,623,377)	\$8,181,820
Investment Cost	\$5,000,001
Cost per Share	\$3.08

% Ownership (Full Dilution) 5.4%

Company Valuation at CHP II Cost	\$92.6 million
Company Valuation at Assigned Fair Value	\$150.0 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.

CARDIO-OPTICS, INC.
Boulder, CO
{www.cardiooptics.com}

Infrared Light Based Technology to Achieve Vision Through Blood to Guide Therapy

Period Summary: 2nd Quarter, 2005

Cardio-Optics had many significant accomplishments during the quarter. The initial human clinical uses of the Coronary Sinus Access (CSA™) System were successfully completed in April, the 510k submission review process with the FDA for the CSA™ System has inspired confidence that approval will be granted as expected by the end of Q3, and additional refinements to the transparent electrode ablation project were completed. To support this activity, in May the company drew down the last \$1 million of the \$3 million bridge loan, in the form of 8% secured convertible promissory notes. Each investor contributed its pro rata portion to the financing, with Cardinal investing \$400K during the quarter. In June, the investor syndicate has agreed to invest an additional \$800K to the outstanding bridge loan in the coming quarter. These funds will support current operations to the closing of a second round financing expected in Q4.

Financial results for the quarter reflect the acceleration of the product development programs as approved by the Board last December. Outside engineering costs for the period were lower than expected as costs associated with the company's lead program were accelerated into Q1 results. Other expenses were in line with expectations. The first human tests of the CSA™ System prototype were completed successfully in April and the company remains on track for FDA approval in Q3 2005. In anticipation of FDA approval, management has begun to recruit for hires in sales, technical service and clinical applications positions in preparation for initial CSA™ System sales in Q4 2005. Average monthly cash burn for the year stands at \$414K, in line with expectations.

In July, the company will initiate a second round financing effort to raise \$20 million. This will fund the company to cash flow breakeven by the end of 2007. The current investor syndicate has agreed to participate up to \$8.0 million in the round, including the conversion of \$3.8 million in bridge loans. Initial investor interest has been strong and we anticipate the financing will be completed in Q4 2005.

New CEO Todd Davenport, in his first full quarter at the company has already made a significant positive impact on company morale and performance. Key milestones for the company over the next 6 months are: acceptance of the 510k submission by the FDA; completion of a second round financing; building the internal infrastructure to support the marketing and sales of the CSA™ System; and progression of the transparent electrode project to the point of IDE submission to the FDA. We are excited about the progress made so far in 2005 and confident that under Todd's leadership the company will meet its short-term objectives and complete a successful financing later this year.

CARDIO-OPTICS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual*</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	0	0	0	108
Cost of Sales	0	0	0	75
R&D Expenses	1,000	1,031	2,020	3,357
SG&A	1,527	1,036	1,022	3,351
EBIT	-2,527	-2,067	-3,042	-6,675
Interest and Taxes	23	-31	3	+95
Net Income	-2,504	-2,098	-3,039	-6,580

* - Subject to Audit

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
Cost of Sales	0	0	0
R&D Expenses	618	692	+74
SG&A	406	410	+4
EBIT	-1,024	-1,102	+78
Interest and Taxes	-50	0	-50
Net Income	-1,074	-1,102	+28

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
Cost of Sales	0	0	0
R&D Expenses	1,634	1,282	-352
SG&A	766	898	+132
EBIT	-2,400	-2,180	-220
Interest and Taxes	-64	0	-64
Net Income	-2,464	-2,180	-284

CARDIO-OPTICS, INC. (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 1,275	Accounts Payable	\$ 119
Accounts Receivable	0	Accrued Expenses	299
Other Current Assets	<u>0</u>	Convertible Promissory Notes	<u>3,064</u>
Total Current Assets	1,275	Total Current Liabilities	3,482
Net PP&E	210	Long Term Debt - Lease line	7
Intangibles (Net)	0	Shareholders Equity	10,849
Other Assets	<u>11</u>	Retained Earnings	<u>-12,842</u>
Total Assets	<u>\$ 1,496</u>	Total Liabilities & Equity	<u>\$ 1,496</u>

Comments:

Average cash burn for 2005 (\$414K per month) is higher than originally forecast due to the program acceleration approved late last year. The investor syndicate has agreed to add \$800K to the current \$3 million bridge loan. These additional funds will allow the company to continue on its accelerated development program until the completion of a new equity financing round. We expect the financing to be completed in Q4 2005.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,938,310 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,001,279
Cost per Share	\$1.55
8% Secured Convertible Promissory Notes (principal balance)	\$1,200,372
% Ownership (Full Dilution)	25.0%
Company Valuation at CHP II Cost	\$12.0 million
Company Valuation at Assigned Fair Value	\$12.0 million

Outlook:

We remain enthusiastic about the prospects for Cardio-Optics.

CODERYTE, INC.
Bethesda, MD
{www.coderyte.com}

Web-based Automated Coding of Transcribed Medical Documents

Period Summary: 2nd Quarter, 2005

CodeRyte exhibited solid performance during the quarter, with virtually every metric of performance measurement showing improvement. Revenues grew 13.5% for the period and exceeded budget by 10%. New business booked for the quarter totaled \$2 million, a new record, and revenue-per-note-processed hit an all time high. The company has \$2.5 million of annualized revenue in backlog, all of which will be implemented over the next six months. Monthly cash burn has averaged \$565K for the first six months of 2005, in line with expectations. Monthly cash burn is expected to average \$600K over the next 6 months as further infrastructure is put into place to meet expected growth. Cash burn is expected to moderate thereafter until the company attains cash flow breakeven in the later half of 2006.

The company continually meets or exceeds its sales forecasts. The pipeline is growing in both its quality and its depth, with the current highly likely to close categories representing \$9.1 million in annualized revenue. The company is also in negotiations for full outsource coding contracts with two clinical organizations that could result in very large electronic coding opportunities.

The client support team continues to actively recruit to meet demand and shorten the implementation time cycle. The implementation team is developing new applications to streamline customer implementations and reduce implementation timeframes.

During the quarter, the company added its first customer in the pathology specialty and two new significant radiology clients. Rush University Medical Center and its Affiliated Physicians will use CodeRyte for hospital and physician radiology coding. The Baton Rouge Radiology Group, the city's first outpatient imaging center, has also selected CodeRyte for physician coding. In addition, the company has added a groundbreaking new tool to automate coding for angiography, the most complicated subset of interventional radiology (IR) coding.

As the company continues to meet the challenges of high growth, we are encouraged by the success the company is having in the marketplace. Management believes this is a reflection of the quality of the product, its execution and the attention to customer service. We remain very enthusiastic about the prospects for CodeRyte.

CODERYTE, INC. (cont.)**FINANCIAL RESULTS: (\$000)**

Overview:

	<i>2002 Actual</i> (FYE 6/30)	<i>2003 Actual</i> (FYE 6/30)	<i>2004 Actual*</i> (FYE 6/30)	<i>2005 Budget**</i> (Calendar)
Revenues	332	743	1,502	5,989
Cost of Sales	0	0	0	0
Operating Expenses	1,762	2,576	2,682	9,613
EBITDA	-1,430	-1,833	-1,180	-3,624
Depreciation & Amort.	-23	-12	-7	-225
Other Income (Expense)	-96	462	-169	0
Net Income	-1,549	-1,383	-1,356	-3,849

* - Subject to Audit

** - Represents Calendar 2005 Forecast

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	747	674	+73
Cost of Sales	0	0	0
Operating Expenses	2,425	2,719	+294
EBITDA	-1,678	-2,045	+367
Depreciation & Amort.	-11	-50	+39
Other Income (Expense)	+22	0	+22
Net Income	-1,667	-2,095	+428

Fiscal Year-to-Date: Three Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	1,405	1,460	-55
Cost of Sales	0	0	0
Operating Expenses	4,539	4,741	+202
EBITDA	-3,134	-3,281	+147
Depreciation & Amort.	-19	-94	+75
Other Income (Expense)	+49	0	+49
Net Income	-3,104	-3,375	+271

CODERYTE, INC. (cont.)**Summary Balance Sheet as of June 30, 2005: (\$000)**

Cash	\$ 5,052	Accounts Payable	\$ 11
Accounts Receivable	937	Accrued Expenses	854
Other Current Assets	<u>54</u>	Deferred Revenue	<u>766</u>
Total Current Assets	6,043	Total Current Liabilities	1,631
Net PP&E	142	Long Term Debt - Lease line	0
Intangibles (Net)	0	Shareholders Equity	16,006
Other Assets	<u>15</u>	Retained Earnings	<u>-11,437</u>
Total Assets	<u>\$ 6,200</u>	Total Liabilities & Equity	<u>\$ 6,200</u>

Comments:

The company is currently \$25K ahead of its cash flow forecast. Monthly burn is expected to accelerate to \$600K over the next six months as the company builds its infrastructure and then moderate. Current capital is expected to last well into 2006.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	326,675 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$2,780,004
Cost per Share	\$8.51
% Ownership (Full Dilution)	15.0%
Company Valuation at CHP II Cost	\$18.5 million
Company Valuation at Assigned Fair Value	\$18.5 million

Outlook:

With its superior proprietary technology, distinct economic advantage over competitive services, and broad applicability in the clinical healthcare market, we continue to have high expectations for our investment in CodeRyte.

INTELLICARE AMERICA, INC.
South Portland, ME
{www.intellicare.com}

Integrated Telecommunications, Web and Data Networks for Patient Management

Period Summary: 2nd Quarter, 2005

The first half of 2005 has gone well for IntelliCare. It has met most of its financial targets and is operating on a cash flow positive basis. The company is \$500K ahead of its cash flow forecast and should be cash flow positive for the rest of 2005. During the period, the investor syndicate put in place a \$2.5 million bridge financing facility to encourage the company's credit provider to extend the maturity of its current facility from April 2005 to April 2006. This was successful and the company was able to restructure its debt according to plan. Management and the investors do not expect the company will draw on the bridge facility during 2005. The engagement to sell the company was terminated during the period, as there had been no progress for the past few months.

Financial results for the period met or exceeded expectations in all areas except gross margin. Revenues for the quarter were ahead of plan and 30% higher than the same period in 2004. Gross margin and business unit margins were below budget by three percentage points due to higher labor expense from hiring during the period to meet expected growth in the coming months. Operating expenses were 3% better than expectations. The company's cash position improved by \$750K during the quarter, and is now positive for the year. The primary drivers of the improved cash flow was strong collection activity, improved payment schedule from the renegotiation of the agreement with XL Health, the company's largest customer, and improved operating results. Management expects to operate at cash flow positive for the remainder of 2005.

Management and the investor syndicate are exploring all avenues to improve the company's cash position and focus. However, IntelliCare remains locked in a low-margin, undifferentiated business model, which seems unlikely ever to result in a premium exit valuation. We are encouraged by management's progress in improving the financial performance of the company. We remain on the outlook for an appropriate acquirer.

INTELLICARE AMERICA (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	5,483	7,504	13,550	14,296	19,180
Direct Expenses	6,593	6,945	11,019	11,489	13,911
SG&A	5,195	4,024	5,274	3,535	3,638
EBITDA	-4,085	-3,465	-2,743	-728	1,631
Depreciation	-184	-435	-712	-928	-730
Interest and Taxes	+60	-3	-5	-53	-58
Net Income	-4,209	-3,903	-3,460	-1,709	843

* - Subject to Audit

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	4,520	4,472	+48
Cost of Revenues	3,370	3,219	-151
SG&A	833	894	+61
EBITDA	317	359	-42
Depreciation	-209	-188	-21
Interest and Taxes	-18	-14	-4
Net Income	90	157	-67

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	9,246	8,763	+483
Cost of Revenues	7,039	6,419	-620
SG&A	1,612	1,742	+130
EBITDA	595	602	-7
Depreciation	-425	-351	-74
Interest and Taxes	-34	-28	-6
Net Income	136	223	-87

INTELLICARE AMERICA (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 1,554	Accounts Payable	\$ 516
Accounts Receivable	1,565	Accrued Payroll	801
Other Current Assets	<u>144</u>	Other Current Liabilities	<u>1,516</u>
Total Current Assets	3,263	Total Current Liabilities	2,833
Net PP&E	1,088	Long Term Liabilities	253
Intangibles (Net)	343	Shareholders Equity	18,870
Other Assets	<u>21</u>	Retained Earnings	<u>-17,241</u>
Total Assets	<u>\$ 4,715</u>	Total Liabilities & Equity	<u>\$ 4,715</u>

Comments:

The company is currently \$500K ahead on its cash flow budget. The company should be cash flow positive for the remainder of 2005 and current resources are sufficient to support operations for the foreseeable future.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	3,000,000 shares
Assigned Fair Value (\$0.1923 x 7,616,146 CSE's)	\$1,464,585
Investment Cost	\$3,000,000
Cost per Share	\$1.00
Series C Convertible Preferred Stock	5,200,208 shares
Assigned Fair Value	\$1,000,000
Investment Cost	\$1,000,000
Cost per Share	\$0.1923
Series C Preferred Stock Warrants	510,243 shares
Exercise Price Per Share	\$0.1923
% Ownership (Full Dilution)	12.7%
Company Valuation at CHP II Cost	\$31.5 million
Company Valuation at Assigned Fair Value	\$20.2 million

Outlook:

While the company is performing better, our expectations for a return above the current carrying value of the investment are low.

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

Software Tools for Genomics Research

Period Summary: 2nd Quarter, 2005

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 split solely between the Series B Preferred shareholders and PARTEQ.

To date CHP II has received \$72,606 in cash distributions related to the sale of the assets of Molecular Mining. No disbursements were received during the current quarter. Our current estimate of total return on the CHP II investment is approximately \$100K. CHP II will receive 18.25% of any future distribution to the Series B investors.

It is expected that the PARTEQ transaction will be complete in 2005 and we will record the final investment realization at that time.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	737,422 shares
Assigned Fair Value	\$27,394
Investment Cost	\$1,436,455
 % Ownership of the Series B Preferred	 18.25%

MOMENTA PHARMACEUTICALS, INC.
(formerly Mimeon, Inc.)
Cambridge, MA
{www.momenta.com}

Glycomics Based Drug Discovery and Development

Period Summary: 2nd Quarter, 2005

Progress on Momenta's (NASDAQ: MNTA) lead product, M-Enoxaparin (M-Enox) remained on plan during the quarter and the company reiterated its target to file an abbreviated new drug application ("ANDA") with the FDA by the end of August 2005. M-Enox is a technology-enabled generic version of the low molecular weight heparin drug Lovenox®, the largest selling low molecular weight heparin, with worldwide sales in 2004 of about \$2.4 billion and U.S. market share of approximately 85%. The company also continued to advance its other programs and remains on schedule to file an ANDA for M-Dalteparin and an IND for M118 with the FDA in mid-2006. Financial results for the quarter were in line with expectations and the company ended the period with \$47 million in cash. During the quarter, the company filed a shelf offering with the SEC that will enable it to sell up to 5 million shares of stock in a secondary offering.

Financial results for the quarter were in line with expectations. For the second quarter of 2005, Momenta reported a net loss of \$4.6 million as compared with a net loss of \$2.9 million for the same period last year. The company reported revenue under its collaborative agreement with Sandoz, of \$3.4 million for the first quarter 2005, versus \$2.1 million for the same period in 2004. Under the collaboration, Momenta and Sandoz have agreed to jointly develop, manufacture, and commercialize M-Enox, and Sandoz is responsible for funding substantially all of the development, regulatory, legal and commercialization costs.

Research and development expenses for the second quarter of 2005 were \$5.0 million, compared to \$3.5 million for the same period in 2004. The increase in research and development spending was primarily due to increased headcount and increased manufacturing and other research expenses. General and administrative expenses for the second quarter of 2005 totaled \$3.2 million, compared with \$1.6 million for the same period in 2004. The increase in general and administrative spending was primarily due to increased professional fees, increased headcount, and additional insurance coverage and other public company costs.

At March 31, 2005, the Company held cash and cash equivalents totaling \$46.9 million, as compared with \$53.6 million at December 31, 2004. This capital, when combined with the cost sharing arrangement on M-Enox with Sandoz, should provide the company with sufficient operating capital well into 2007.

MOMENTA PHARMACEUTICALS, INC. (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/05</u>	<u>06/30/04</u>
Revenues	3,364	2,115	7,137	3,151
Research & Development	4,999	3,508	10,288	5,748
General & Administrative	<u>3,231</u>	<u>1,580</u>	<u>5,771</u>	<u>2,989</u>
Loss from Operations	-4,866	-2,973	-8,922	-5,586
Other Income (Expense)	<u>286</u>	<u>83</u>	<u>572</u>	<u>114</u>
Net Income (Loss)	-4,580	-2,890	-8,350	-5,472
Earnings Per Share (\$)	-\$0.18	-\$0.79	-\$0.33	-\$7.28

Summary Balance Sheet as of June 30, 2005:

Cash	\$46,864	Accounts Payable	\$ 3,004
Receivables	4,215	Accrued Expenses	2,248
Other Current Assets	<u>1,738</u>	Deferred Revenue	<u>343</u>
Total Current Assets	52,817	Total Current Liabilities	5,595
Net PP&E	3,932	Other Liabilities (LOC)	2,809
Intangible & Other Assets	<u>1,490</u>	Shareholders Equity (Net)	<u>49,835</u>
Total Assets	<u>\$58,239</u>	Total Liabilities & Equity	<u>\$58,239</u>

Comments:

Current capital is expected to be sufficient to support operations well into 2007. The company filed a shelf offering in June to potentially sell up to 5 million shares of its common stock in a secondary offering.

CHP II, L.P. Holdings:

Common Stock	2,170,286 shares
Assigned Fair Value (2,170,286 x \$19.77)	\$42,906,554
Investment Cost	\$6,823,506
Cost per Share	\$3.144
% Ownership (Shares Outstanding)	8.54%
Company Valuation at CHP II Cost	\$79.8 million
Company Valuation at Market (\$19.77 per share)	\$502.4 million

REPLICATION MEDICAL, INC.
New Brunswick, NJ
{www.replicationmedical.com}

Nucleus replacement device for the treatment of degenerative disc disease in the spine.

Period Summary: 2nd Quarter, 2005

The second quarter was an extremely busy time for Replication: The company continued to ramp up its manufacturing capabilities at its New Jersey facility, completed the first human test of the revised device delivery system, and most significantly, reached agreement with a corporate strategic partner regarding a significant equity investment in Replication with an option to acquire the company.

Following the build-out of its manufacturing lab in Cranbury, NJ, RMI began to scale up manufacture of its disk nucleus devices. Batch yields and quality scores significantly outperformed the levels set by the company's previous outsourced vender.

Another milestone was met with the first human procedure in Europe using the revised device form factor and delivery device. Additional cases are scheduled for September.

At the end of the quarter, Replication was in the final stages of negotiations with Fortune 50 medtech giant Abbott Laboratories regarding a significant equity investment and co-development agreement. The equity investment piece will be priced at a \$71 million pre-money value for Replication. The agreement also includes an option by which Abbott would acquire RMI via its subsidiary, Spinal Concepts, according to a milestone-based payment schedule. The transaction closed in mid-July. Cardinal Principals Brandon Hull and Chuck Hadley are working intensively with the company to insure that the specified milestones are met, which should deliver an excellent return on this 2003 investment.

REPLICATION MEDICAL (cont.)**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>
Revenues	0	0	0	0
R&D Expenses	1,163	1,255	2,396	2,336
Operating Expenses	266	324	782	388
EBIT	-1,429	-1,579	3,178	-2,724
Interest and Taxes	44	3	27	12
Net Income	-1,385	-1,576	-3,151	-2,712

* Subject to Audit

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	633	640	+7
Operating Expenses	168	155	-13
EBIT	-801	-795	-6
Interest and Taxes	3	1	+2
Net Income	-798	-794	-4

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,136	1,280	+144
Operating Expenses	314	280	-34
EBIT	-1,450	-1,560	+110
Interest and Taxes	5	2	+3
Net Income	-1,445	-1,558	+113

REPLICATION MEDICAL (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 137	Accounts Payable	\$ 2
Prepaid Expenses	17	Accrued Expenses	0
Other Current Assets	<u>0</u>	Notes Payable	<u>0</u>
Total Current Assets	154	Total Current Liabilities	2
Net PP&E	538	Long Term Debt	0
Intangibles (net)	0	Shareholders Equity	11,913
Other Assets	<u>17</u>	Retained Earnings	<u>-11,206</u>
Total Assets	<u>\$ 709</u>	Total Liabilities & Equity	<u>\$ 709</u>

Comments:

Cash burn at Replication is currently averaging almost \$250K per month. The imminent closing of the \$12 million equity investment by strategic partner Abbott will allow the company to accelerate its clinical program and provide adequate operating capital for at least 3 years.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	2,614,516 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$2,500,000
Cost per Share	\$0.9562
Series C Convertible Preferred Stock	290,712 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$552,353
Cost per Share	\$1.90
% Ownership (Full Dilution)	20.7%
Company Valuation at CHP II Cost	\$14.8 million
Company Valuation at Assigned Fair Value	\$14.8 million

Outlook:

The combination of a large and growing market looking for new therapies, multiple large potential acquirers, high product margins and the proprietary nature of the Replication's technology, lead us to be very excited about the prospects for our investment.

RIB-X PHARMACEUTICALS, INC.
New Haven, CT
{*www.rib-x.com*}

Structure-Based Design of Anti-Infective Agents

Period Summary: 2nd Quarter, 2005

During the quarter, the Rib-X management team has undertaken a full analysis of the organization to determine whether existent corporate goals still make sense and whether the company is on track to meet them. To reiterate, the company's goals are: 1) to have its lead drug compound in phase I clinical trials by the end of 2005; 2) obtain an in-licensed product in phase I clinical trials by Q1 2006; 3) identify a candidate to treat community respiratory tract infections from the RX-02 program; and 4) identify a quality lead to pursue as a new class of agents to treat Gram-negative infections. At the conclusion of the analysis, management believes the company is on track towards achieving each of these goals. The company now has its lead compound, RX-1284, in tablet form for human consumption and it is very likely they will initiate clinical trials in Q4 2005.

Advanced preclinical studies for the company's lead compound from the RX-01 program (RX-1284) are progressing on plan and remain on track for the compound to initiate human studies in November 2005. The company has also formalized contracted manufacturing and clinical formulation for the compound. The secondary compound from the program (RX-1741) has also completed some advanced preclinical studies and remains on target for a potential Phase I clinical trial beginning in Q1 2006. A manufacturing agreement has been formalized for RX-1741 for delivery of sufficient quantities of the compound to continue advanced preclinical work and deliveries began in June.

The in-licensing team has described two valid target areas – perioperative prophylaxis (“POP”) and onychomycosis. Two opportunities have been aggressively pursued in each of these areas to-date, but at present no deals are imminent. The company has three key parameters for identifying suitable compounds for in-licensing including: 1) the opportunity for the compound to meet clinical requirements in an antibacterial niche market, 2) a compound with appropriate anti-infective characteristics (eg spectrum, pharmacokinetics, formulation, and safety) and, 3) products with a market potential of greater than \$50 million annually. Management is hopeful of reporting a successful deal in one of these areas in the coming quarter.

Financial performance for the quarter was well ahead of plan in all areas. The significant positive expense variances are primarily the result of lower personnel costs and lower outside professional services related to preclinical studies. Rib-X remains well ahead of its cash burn plan for the year, but expects the burn to accelerate towards \$1.5 million per month as the lead compounds move toward the clinic in the later half of 2005. The company has sufficient capital to operate well into 2007 and likely into Phase II clinical trials for two compounds.

RIB-X PHARMACEUTICALS, INC. (cont.)**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	0	0	148	0	0
R&D Expenses	593	5,283	9,469	10,230	14,604
Operating Expenses	828	2,192	1,750	3,534	3,975
EBIT	-1,421	-7,475	-11,071	-13,764	-18,579
Interest and Taxes	-11	-71	+134	+394	+130
Net Income	-1,432	-7,546	-10,937	-13,370	-18,449

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	2,476	3,022	+546
Operating Expenses	1,838	1,930	+92
EBIT	-4,314	-4,952	+638
Interest and Taxes	+160	+98	+62
Net Income	-4,154	-4,854	+700

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	4,429	5,624	+1,195
Operating Expenses	3,336	3,664	+328
EBIT	-7,765	-9,288	+1,523
Interest and Taxes	+291	+215	+76
Net Income	-7,474	-9,073	+1,599

RIB-X PHARMACEUTICALS, INC. (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 32,114	Accounts Payable	\$ 1,582
Accounts Receivable	229	Accrued Expenses	0
Other Current Assets	<u>114</u>	Notes Payable Current	<u>840</u>
Total Current Assets	32,457	Total Current Liabilities	2,422
Net PP&E	4,452	Notes Payable	2,267
Intangibles (net)	0	Shareholders Equity	72,636
Other Assets	<u>249</u>	Retained Earnings	<u>-40,167</u>
Total Assets	<u>\$37,158</u>	Total Liabilities & Equity	<u>\$37,158</u>

Comments:

The company is well ahead of its cash burn plan and will likely be well ahead of plan for the year. With the current cash balance, Rib-X has enough capital to operate well into 2007.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,817,741 shares
Assigned Fair Value (cost)	\$1,125,000
Investment Cost	\$1,125,000
Cost per Share	\$0.6189
Series B Convertible Preferred Stock	4,645,339 shares
Assigned Fair Value (cost)	\$2,875,000
Investment Cost	\$2,875,000
Cost per Share	\$0.6189
% Ownership (Full Dilution)	4.9%
Company Valuation at CHP II Cost	\$80.0 million
Company Valuation at Assigned Fair Value	\$80.0 million

Outlook:

Rib-X is well capitalized, with a high potential and proprietary drug development platform. We remain confident about the prospects for our Rib-X investment.

SIRTRIS PHARMACEUTICALS, INC.
Cambridge, MA
{www.sirtrispharma.com}

**Biopharmaceutical Development for the Treatment of Neurodegenerative and
Metabolic Diseases via Activation of the SIRT1 Enzyme**

Period Summary: 2nd Quarter, 2005

During the quarter, Sirtris made good progress in both the scientific and operational arenas, strengthened its intellectual property portfolio and initiated discussions with potential strategic partners. With the hiring of a Chief Scientific Officer in May, the management team is essentially complete, as are the Scientific and Clinical Advisory Boards. Cash burn has averaged \$700K per month for the first six months of 2005. This is expected to rise to \$850K per month for the next six months, as the company accelerates its development programs into the clinic. The company has adequate capital resources to support this accelerated program well into 2008. Strategic and financial investor interest remains high, but the company will only pursue an additional financing in conjunction with a significant strategic collaboration.

Sirtris was founded in mid-2004 and is still at a very early stage of development. The focus in 2005 has been on building the organization, improving the intellectual property portfolio and moving the science forward towards identification of a lead drug compound. During the current quarter the company completed the licensing of the Biomol patent estate, which in combination with the company's current intellectual property portfolio provides Sirtris with the strongest patent position related to activators of sirtuins. The company now has 15 full time employees and has identified a more suitable, longer term location for its operations in Cambridge. The company advanced its scientific development programs during the period with the initiation of over 20 in vivo animal studies with neuro and metabolic targets, achieving promising therapeutic results to-date. Management has begun having introductory meeting with multiple potential strategic partners in the pharmaceutical and biotech industries.

Key goals for the next 6-9 months are: completion of a strategic partnership with a major pharmaceutical partner; select an appropriate disease area/target for in-house development; develop or get access to proprietary animal models; initiate the recruitment effort for an industry leading CEO; and begin preclinical studies on a lead compound. The current goal is to file an initial Investigational New Drug Application ("IND") with the FDA in 2007.

SIRTRIS PHARMACEUTICALS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	0	250
R&D Expenses	1,247	4,502
Operating Expenses	554	2,334
EBIT	-1,801	-6,586
Interest and Taxes	+45	+39
Net Income	-1,756	-6,547

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,543	1,588	+45
Operating Expenses	867	679	-188
EBIT	-2,410	-2,267	-143
Interest and Taxes	+289	+224	+65
Net Income	-2,121	-2,043	-78

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	2,750	2,726	-24
Operating Expenses	1,686	1,453	-233
EBIT	-4,436	-4,179	-257
Interest and Taxes	+440	+366	+74
Net Income	-3,996	-3,813	-183

SIRTRIS PHARMACEUTICALS, INC. (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 39,396	Accounts Payable	\$ 844
Accounts Receivable	0	Accrued Expenses	300
Other Current Assets	<u>187</u>	Notes Payable Current	<u>0</u>
Total Current Assets	39,583	Total Current Liabilities	1,144
Net PP&E	488	Notes Payable	0
Intangibles (net)	0	Shareholders Equity	44,829
Other Assets	<u>63</u>	Retained Earnings	<u>-5,840</u>
Total Assets	<u>\$40,133</u>	Total Liabilities & Equity	<u>\$40,133</u>

Comments:

Sirtris has raised a total of \$44.5 million since its inception in mid-2004. The company has a current monthly cash burn of \$700K, which is expected to rise above \$850K in Q3 2005. The current cash balance is sufficient to support operations well into 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,600,000 shares
Assigned Fair Value (1,600,000 x \$0.80)	\$1,280,000
Investment Cost	\$800,000
Cost per Share	\$0.50
Series A-1 Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value (3,750,000 x \$0.80)	\$3,000,000
Investment Cost	\$2,250,000
Cost per Share	\$0.60
Series B Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,000,000
Cost per Share	\$0.80
% Ownership (Full Dilution)	12.5%
Company Valuation at CHP II Cost	\$49.0 million
Company Valuation at Assigned Fair Value	\$58.0 million

Outlook:

Sirtris has a strong investor syndicate and proprietary technology with terrific potential addressing large markets. We are very excited about the prospects for the company.