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VirtenSys Receives USD 12 Million Series B Funding

MANCHESTER, U.K. and BEAVERTON, Ore. – January 31, 2008 – VirtenSys™, Ltd., the emerging leader in I/O virtualization solutions – a crucial new technology that enables organizations to optimize the data centers in their IT infrastructure, to improve performance and reduce total cost of ownership – announced it has received USD 12 million in its Series B funding round, all from its original investor syndicate. The syndicate comprises Scottish Equity Partners (SEP), Celtic House Venture Partners (CHVP), and GIMV. The investment will be used to expand its market, to grow its operations in the U.K. and the U.S., and, shortly, to launch its products and begin revenue generation.

“That the original investors subscribed fully to the Series B round is significant,” said Andy Roberts, chairman of the board of directors of VirtenSys. “It validates our strategy and demonstrates their confidence in the market opportunity and the demand for our products.”

Workloads on data centers are increasing exponentially and the dynamics of the IT workload are changing. These dynamics call for greater corporate agility in response to changing business conditions and require an IT infrastructure that can adapt equally fast. Now more than ever, organizations need new ways to increase data center utilization while reducing capital expenditures and the total cost of ownership. This requires even greater dynamism in the management of the IT workload.

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At the same time, corporations want to maintain their investments in hardware and software. VirtenSys I/O virtualization solutions, based on the PCI Express I/O interface standard, natively available on all servers, deliver dramatic improvements in the value and effectiveness of newly installed and established data centers. They improve the ability of data centers to adapt to dynamic workloads, self-configure, and self-heal at a significantly lower total cost of ownership and higher utilization than today's systems.

Stuart Paterson, a partner at SEP said, "SEP is confident that VirtenSys has an excellent future. Virtualization is very much at the top of CIO agendas. VirtenSys virtualization solutions increase utilization, while lowering power and cooling requirements by as much as 50 percent. This is very attractive to many organizations seeking to optimize their data centers."

"We are very pleased with the company's accomplishment to date," said Dr. Tomas Valis, partner, Celtic House Venture Partners. "Greater demand is being placed on the server I/O subsystems as a result of the consolidation of many servers into a smaller number of high performance units that run multiple virtual machines. This is making I/O virtualization even more critical."

GIMV executive vice president, Alex Brabers added, "We are impressed that VirtenSys technology has generated so much OEM interest. VirtenSys' strategy is to protect IT investments with a standards-compliant migration path for servers to virtualized I/O resources. Their products are 100 percent compatible with the existing infrastructure within the data centers."

VirtenSys, which was founded in December 2005, recently expanded its executive team and opened its U.S. headquarters. Ahmet Houssein, VirtenSys' president and CEO, is looking forward to taking the company to the next level. He said, "We achieved a significant milestone with this second round of financing. Now, as we embark on the next growth phase, we are very well-positioned with the strong backing and endorsement from our investors and our board of directors. We have a great team spirit and exceptional talent in both the U.K and the U.S., and you can just feel the momentum building. It's a very exciting time for VirtenSys."

About VirtenSys, Ltd.

VirtenSys is the emerging leader in I/O virtualization solutions for data centers. I/O virtualization is a crucial new technology that enables organizations to optimize data centers in their IT infrastructure to improve performance and reduce total cost of ownership. VirtenSys I/O Virtualization products are based on the industry-standard PCI Express I/O interface. They deliver the high utilization and enhanced manageability for commodity data centers that is now only available in high-end proprietary systems.

VirtenSys was incorporated in December 2005 and is led by a team of system and semiconductor veterans. The company is privately held with funding from Scottish Equity Partners (SEP), Celtic House Venture Partners, and GIMV. Its corporate headquarters are in Manchester, U.K. and its U.S. headquarters in Beaverton, Ore. For more information about the company, visit www.virtensys.com.

About Scottish Equity Partners (SEP)

SEP is a leading European venture capital firm with offices in Glasgow and London. It helps entrepreneurs to create and build world class companies. The investment team, which has been investing together for 15 years, has backed and built world-class companies in the information technology, healthcare and energy-related technology sectors. SEP's investment track record includes the two largest exits in the semiconductor sector. These were Bluetooth specialist CSR (LSE:CSR) in which SEP led the last round before the company's highly successful flotation; and Wolfson Microelectronics (LSE:WLF) in which SEP first invested as a spinout from the University of Edinburgh and followed through to a highly successful IPO. SEP's current portfolio includes a range of leading-edge technology companies including picoChip, ipaccess, Radioscape and Zeus. New investments include Irish fabless semiconductor start-up Powervation and recent exits include the \$275 million sale of energy services company MTEM to Petroleum Geo-Services (ASA:PGS) (OSE and NYSE: PGS).

Further information on SEP and portfolio companies can be found at www.sep.co.uk

About Celtic House Venture Partners

Celtic House Venture Partners is a leading venture capital firm dedicated to helping entrepreneurs build high velocity technology companies from the ground up. Since 1994,

Celtic House has funded over 60 companies and committed over US\$500 million—more than 70% to concept-stage start-ups. By working closely with company management, Celtic House has generated billions in stockholder value and proceeds through 17 successful exits to date, 13 of which were seed-funded by Celtic House. With a history of backing winning teams, including Abatis Systems, Avesta Technologies, Bookham, Extreme Packet Devices, FastLane, NorthChurch, Orchestream, OctigaBay, PixStream, MEMSIC and Sandvine, Celtic House continues to produce superior venture returns in its target regions in Canada and Europe. Today, Celtic House is working with more than 20 active portfolio companies from its offices in Ottawa, Toronto and London, UK.

For further information, visit the Celtic House website at www.celtic-house.com.

About GIMV

Since its incorporation in 1980 GIMV has grown into Belgium's most important venture capital provider and company-builder. GIMV has now become a major European and international market player. Both in Belgium and abroad, GIMV invests in information and communication technology, life sciences and Cleantech as well as in growth financing and management buy-outs (MBOs) of companies in more traditional sectors. In the Benelux region the company also invests in infrastructure and real estate construction projects. With its own portfolio and third party fund activities together, GIMV today manages more than EUR 1.6 billion. GIMV has been listed on Euronext Brussels since 1997.

For further information, visit the GIMV web site at www.gimv.com

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