

# NZ Young Company Finance

News, comment, and analysis on the young company market in NZ

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More than \$31 million was invested by angel investors into young companies in the first half of 2010 – a new record high level of angel investment activity, according to the latest Young Company Finance Index.

Cumulatively, \$160 million has now been invested into young companies by angels since Young Company Finance Index began collating data in 2006.

In the year to 30 June 2010, \$52.2 million was invested, eclipsing last year's previous record high for a June year of 42.7 million.

The continued high level of investment results from the growth in angel groups and investors in recent years. Angel investors are making new investments but also supporting existing investee companies as they grow. As more companies are invested into, more companies are receiving follow-on investments, providing a snowball effect.

Of the \$31.6 million invested in the first half of the year, \$13.4 million was into first round investments and \$18.2 million comprised follow-on investments. In terms of the stage of investment, \$3.9 million was seed investment, \$20.5 million was at the start-up stage, \$4.8 million at the early expansion level, and \$2.5 million at the expansion stage.

The first half of 2010 year also saw continuing enthusiasm for syndication of deals between different angel groups with 71 percent of deals syndicated and 29 percent not. In 2006, just 26 percent of deals were syndicated and 74 percent were not. This demonstrates the trend of increasing co-operation and sharing of deal flow and due diligence between angel groups.

In terms of the type of investments angels are making in 2010, 32 percent of investments were convertible loans – continuing the growing enthusiasm for this type of investment - 57 percent were ordinary shares, and 11 percent were preference shares.

Deal flow for the year was maintained at the high level of last year. In 2009, 64 deals were completed. So far in 2010, 35 deals have been completed.

Since 2006, by region, 49 percent has been invested in Auckland, 17 percent in Wellington, 11 percent in Christchurch, 8 percent in Dunedin, 7 percent in Palmerston North, and 4 percent in Hamilton. Software&services received 27 percent of the amount invested, followed by pharmaceuticals/life sciences technology (26%), hardware and equipment (13%), and food and beverage (11%).

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## FLATTENING THE LEARNING CURVE

For new angels and angel groups, there is a steep learning curve involved in becoming successful investors. The costs of investing need to be carefully watched as well. NZVIF and the Angel Association NZ have collected considerable information for angels which is freely available and regularly updated. All of this information is being provided to assist investors in the angel investment process and, hopefully, to help reduce the costs of investing. It includes:

- Legal documentation for all the main investment types, including ordinary shares, preference shares and convertible loans.
- Practical guides, including a guide on the tax implications of convertible notes.
- Industry-endorsed shareholder reporting templates.
- Detailed information about the process of becoming a SCIF partner and investing with SCIF.

The documents are being developed on an ongoing basis by a range of industry stakeholders but the most up-to-date versions can always be found on both organisations' websites: [www.nzvif.com/seed-co-investment-information.html](http://www.nzvif.com/seed-co-investment-information.html) [www.angelassociation.co.nz/index.php/investors/resource-base](http://www.angelassociation.co.nz/index.php/investors/resource-base)

## ANGEL SUMMIT 2010

This year's Angel Summit is being held in Nelson on 4 and 5 November. The Summit will hear from Sam Morgan and Scott Gilmour on philanthropic investment. International speakers will update overseas trends in early stage markets and international commercialisation. For more information, see [www.angelassociation.co.nz/index.php/training-and-events/events](http://www.angelassociation.co.nz/index.php/training-and-events/events).

## MOVAC PARTNERS WITH SCIF

Movac is the latest angel investment group to partner with the Seed Co-investment

Fund in an investment partnership which will see NZVIF investing up to \$4 million into new companies alongside investments made by Movac.

This is the twelfth partnership NZVIF has entered into through the Seed Co-Investment Fund and the first in Wellington, with others in Auckland, Hamilton, Manawatu, Nelson, Christchurch and Dunedin. The Seed Co-investment Fund is an early stage direct investment fund aimed at early stage businesses with strong potential for high growth. To date, NZVIF and its angel partners have co-invested over \$44 million into 40 companies.

The Angel Association has a new chair. Movac director Phil McCaw takes over from Andy Hamilton, who is now the deputy chair. Other board members are Dean Tilyard (Treasurer), Bill Payne, Chris Twiss, Greg Sitters, Mark Houghton-Brown, Mark Stuart, Miles Hockley, Norman Evans, Roger Branch, and Suse Reynolds .

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## THE VIEW OF BILL PAYNE

Bill Payne, one of the United States' foremost angel investors, concluded a five month stay in New Zealand as the BNZ University of Auckland Business School Entrepreneur In Residence advising investors, entrepreneurs and students. Here are some of his reflections.

### On Kiwi Entrepreneurs Observations

- Similar to their American counterparts, Kiwi entrepreneurs are passionate about their products and technology.
- Large numbers of Kiwis seem to have the entrepreneurial spirit.
- If Kiwi entrepreneurs are not prepared to “go global”, most entrepreneurs worldwide have a similar lack of preparation.

### Suggestions

- Get a footing in local markets before attempting to market/sell offshore. Make mistakes locally where customer relationships can be repaired easily and product modifications can be made quickly. Once the product is robust and market traction is clear, then think about adding resources to export.

- Don't attempt to raise money offshore until you have demonstrated customer acceptance in that foreign market. Raise money in New Zealand to establish a foothold in foreign markets. Develop key customers in those offshore markets then introduce potential offshore investors to those delighted customers.
- Stop writing Investment Memorandums (IM's). Write business plans instead. Incubators and advisors seem to push entrepreneurs to write IM's. Investors want to see business plans written by the entrepreneur (with expert editing for clarity, accuracy and brevity, of course).

### Kiwi Angels and Angel Groups

#### Observations

- Kiwi angel groups funded 63 new ventures with \$50 million in 2009. These are truly impressive numbers! James Geshwiler, a well-known leader among the 16 angel groups in the Boston metropolitan area (population– 4.6 million), estimates that angel investment there was at the same level as that in New Zealand. Boston is arguably the leading area of angel investment in the US outside of California.

- The actions of government-funded incubators has had a significant positive impact on angel investment, providing leadership and administrative support for angel groups, and teeing up incubator resident companies for investment.
- The level of administrative support provided to Kiwi angel groups by incubators has led to angels who are “spoon-fed” investment opportunities. The most robust US angel groups engage members in the entire deal flow process and in mentoring portfolio companies. That said, increased engagement by angel members is already well underway in some groups here.
- Angels in New Zealand are right-minded and motivated to invest for both financial gain and altruistic returns.

### Suggestions

- Kiwi angel groups should quickly engage more angel members in policy-level, decision-making positions; in managing deal flow; in due diligence; and in service as directors and mentors of portfolio companies.
- Angel leaders should publish the “rules of engagement,” defining members' anticipated level

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- of participation as well as unacceptable behaviours.
- Angel groups should consider additional sources of funding including member dues, sponsorships, modest fees for entrepreneurs, holding events designed to make a small profit.
  - Success fees rates are inconsistent from group to group in New Zealand. Groups should consider standardised success fees.
  - Most Kiwi angels would benefit from additional educational programmes.
  - NZVIF's Seed Co-Investment Fund should continue the investment match with qualified angel groups, support the Angel Association, assist in education, and help new angel groups not attached to incubators access administrative support.

## Miscellaneous

- NZVIF should focus on creating 2-5 new smaller VC funds, each targeted at raising a total of \$60-\$80 million. Typical investment per round for these funds would likely be in the \$1.5 to \$4 million range.
- Granting share options in new companies is important non-cash compensation to officers and directors. Clarification on issuing options for

shares of start-up private companies, without creating current tax liabilities or impacting eligibility for capital gains from such shares, would be quite helpful to entrepreneurs, investors and advisors.

- Angel investors almost always expect to recognise their returns

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by a trade sale of the company at a later date. Yet, current Kiwi tax law forces angels to invest with the apparent intent of returns via dividends - not a trade sale - to facilitate treatment as capital gains, regardless of the eventual exit transaction. A tax code change allowing angels to invest for trade sale exits would be welcome and would add transparency.

For the full report, see [www.angelassociation.co.nz/template/payne\\_report\\_july2010.pdf](http://www.angelassociation.co.nz/template/payne_report_july2010.pdf)

## IT'S PARTY TIME

Wondering how to increase your deal flow? Tech Coast Angel, the US's largest angel investment network, has developed an event it calls the 'Mixer'.

At these events, anyone interested in making contact with TCA and its members, whether a person just thinking of a business idea or an established company, is invited to attend without charge. At the first mixer held in late 2009, TCA members expected 15 attendees and attracted over 100. The Mixers are now held bi-monthly.

TCA also runs a 'SeedTrack Program' to support entrepreneurs. This resource is set up to make seed funding and extensive mentoring available to very early stage enterprises, designed to nurture them to the point where they can receive angel and/or venture capital.

As part of the programme, TCA's updated website offers simpler access to information, a new streamlined application process, and enhanced resources and feedback capabilities which encourage

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entrepreneurs to contact TCA, not feel overwhelmed by the prospect.

Tech Coast Angels is the largest angel investor group in the United States with more than 250 members. Its members provide funding and guidance to more early-stage, high-growth companies in Southern California than any other investment group.

## WHAT TYPE OF ANGEL ARE YOU?

Some say angel groups tend to take on the personality of the lead angel on their teams. How true is that? Understanding the idiosyncrasies of the investors will help angels to understand the dynamics of their own group.

**Guardian angel** - This type of investor has relevant industry expertise and will be actively involved in helping the startup achieve success. He or she has a strong rolodex of contacts and has the experience to add substantial value as a board member.

**Operational angel** - Has significant experience as a senior executive in

major corporations. For an entrepreneur, this type of investor can add much value because he or she knows what the company needs to do in order to scale up operations.

### **Entrepreneur angel** -

An investor that has “been there, done that” is very valuable to a novice entrepreneur. For example, an entrepreneur can add perspective to the founders on what to expect from investors and how to effectively negotiate financing terms.

**Hands-off angel** - A wealthy doctor, lawyer or similar professional must focus on his or her day-to-day career. This type of investor is willing to invest but usually does not have the time or specific expertise to be of much help to the startup.

**Control freak** - Some investors either believe they have all the answers because they have achieved certain wealth or they have the personality to convince themselves they know “everything.” Caveat emptor.

**Lemming** - Some angel investors will not make a decision unless an informal leader in the angel group invests or makes positive comments about a startup. Success breeds success – even a term sheet from one or two small investors

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Caveat emptor.

can allow an entrepreneur to access larger investors, who usually become more interested when they find out that fellow investors have committed. Some lemming investors are particularly astute at leveraging the work of other investors whereas other lemmings simply trust blindly in the due diligence and term sheets of fellow investors.

*Source: Note on Angel Investing, by Professors Fred Wainwright and Michael Horvath*

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## WHEN THE GOING GETS TOUGH, ENTREPRENEURS GET GOING

The truism that tough economic times encourages more entrepreneurial activity is borne out by data showing that 2009 saw the highest number of business startups in 14 years in the US— even exceeding the number of startups during the peak 1999-2000 technology boom.

According to the Kauffman Index of Entrepreneurial Activity, a leading indicator of new-business creation in the United States, the number of new businesses created during the 2007–2009 recession years increased steadily year to year. In 2009, the 340 out of 100,000 adults who started businesses each month represent a 4 percent increase over 2008, or 27,000 more starts per month than in 2008 and 60,000 more starts per month than in 2007.

## PHIL'S AMERICAN ADVENTURE

*Phil McCaw and his Movac colleagues, David Beard and Mark Vivian, recently attended the American Angel Capital Association Summit in San Francisco. Below is Phil's report on their insights.*

**Firstly some background.** Globally, Angel investment is becoming increasingly organised. These conferences are a fantastic

attended the conference with 70% estimated to be active investors.

### **Cross country investment.**

There is an early trend for Angel groups to start considering investment opportunities across borders. This a bit of a conundrum. Most Angel investors want to stay close to their investments. Yet, from a New Zealand perspective, to truly grow and deliver the returns we want to see, our businesses need to operate on a world scale. This generally will mean that we need to move our businesses or establish premises in offshore markets. Angel networks are a great beach head for this activity. Strategically we need to build these networks and find the right Angel investors who can invest and get alongside our companies in market. But - here's the kicker - relationships are a two way streak. If we want to make this work, we're going to need to start actively considering investing offshore as well. The ball is already rolling, which is great. We have European and US investors both actively considering New Zealand opportunities. We're going to need to reciprocate at some point.

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networking opportunity for active New Zealand investors and an opportunity to learn from investors from many different countries. Approximately 420 people

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## Country initiatives to promote Angel investing.

New Zealand does not do too badly in terms of the regulatory environment and government support for seed and venture investment. Anecdotally, New Zealand offers more support to the sector than that received in Australia and the US, and less than that received in the United Kingdom and Europe. In the UK and Europe, tax incentives are offered to encourage investment in early stage companies – x% of your investment is allowed as a deduction from income and capital gains not taxed for qualifying investments. Why is this important? Early stage investment is critical to innovation and drives job and wealth creation.

**Early exits.** A theme at this conference was “finding and executing early exits” (you to read Basil Peters book “Early Exits” on this). Research indicates that most exits-for-value in the US occur for under US\$30 million. The FaceBooks, Googles and Twitters of the world are 1% anomalies - you need to make 100 investments to get 1 Google. Contrast this with the high volume of M&A activity in the US market - Oracle made around 70 acquisitions

last year alone. From the perspective of Angel investors and entrepreneurs, the hypothesis proposed was to find opportunities to build strategic value and then exit to a multi-national that can exploit its full potential – before you’re EBITDA positive (see Tom McKaskill). Strategic value means not selling on EBITDA multiple, but selling on the potential that the IP has in the hands of someone with established distribution and channels to market. A regular comment in the conference was: ‘It’s really expensive and time consuming to build EBITDA’. The take-away for NZ is simply this – make sure that there is an exit market for the opportunities we invest in, before we invest. Work networks globally to position investments for an exit, and don’t expect exits to happen unless you work it.

**Venture Capital.** The health of the US VC sector has improved from a D- to a D+. Tech Coast Angels in the

US have gone from having 20 VC affiliate members to 6. VCs in the US are typically taking 10 years to exit, and they’re perceived as holding out for “big exits” and blocking “early exit” opportunities. There is real debate amongst US Angels about whether they should target VC or not. VCs will take a long time to exit and possibly forgo exit opportunities that do not deliver the magnitude of return; on the flip side they will drive the exit and “swing for the fences”. That

In the UK and Europe, tax incentives are offered to encourage investment in early stage companies – x% of your investment is allowed as a deduction from income and capital gains not taxed for qualifying investments. Why is this important? Early stage investment is critical to innovation and drives job and wealth creation.

said, Valley VCs say that there is still a significant amount of capital available for predominantly tech-based

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early stage companies, BUT competition is intense.

**US IPO market practically dead.** There were numerous comments made that the post-ENRON Sarbanes-Oxley Act of 2002 has had a massive impact on the US IPO market. The impact of Sarbanes-Oxley has been to substantially increase compliance costs. Only the biggest and best capitalised companies are progressing to IPO in the US at the moment.

The Toronto Stock Exchange were promoting their market as an easier IPO path.

**Life Sciences.** Timeframes for life science-based ventures are blowing out, driven by changes to FDA approval processes, particularly those required to go through the Pre-market Approval process. Returns from these businesses are expected to now exceed 10-years. Venture dollars committed to the sector are expected to fall by over 50% over the next few years.

Increasingly, US companies are looking to Europe's less complex regulatory environment as a launch market for new medical devices. Reimbursement was also highlighted for

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its complexity. Often incorrect assumptions made in business plans have an order of magnitude impact on revenue potential. The lessons? Study your regulatory and reimbursement pathways very closely; seek US expert assistance; don't rely on VC being their when you need it; build relationships for your capital pathway early – in fact hook-up as early as possible with Life Science Angels in the US ([www.lifescienceangels.com](http://www.lifescienceangels.com)).

**Web 2.0.** Asia is seen as the big, explosive growth market for Web 2.0 based opportunities. The US market is topping out in terms of internet penetration and use, so take what works

well in the US and localise for China, India and other parts of Asia. Real time data is also a key trend (encompassing services like Twitter, YouTube, location-based apps and, oddly, purchasing history (yes, people are

now sharing their credit card data!) Facebook is now seen in the US as an operating system/ platform with over 300,000 apps having been built and 350 million users registered. Mobile internet now accounts for 20% of all internet use in the US and is growing exponentially.

*Source: <http://movac.co.nz/2010/05/12/american-angel-capital-association-conference-san-francisco-2010/>*

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## Private Financing deals - year to date

2009

Month	Name of Company	Location	Sector	Round	Stage	Range	Lead Investor	Syndication Partners
Jan-09	Kaynemaile	Wellington	Materials	4	Start Up	\$0-\$250k	Movac	Private Investors
Jan-09	PowerbyProxy	Auckland	Technology Hardware & Equipment	1	Start Up	\$250-\$500k	Movac	Evander Capital
Feb-09	Indigo Limited	Christchurch	Technology Hardware & Equipment	2	Start Up	\$0-\$250k	Powerhouse Ventures	SCIF
Feb-09	Anonymous	Christchurch	Health Care Equipment & Services	1	Start Up	\$0-\$250k	NZTE Escalator Service	Corporate, Seltec
Feb-09	Anonymous	Marlborough	Food & Beverage	1	Start Up	\$0-\$250k	NZTE Escalator Service	Corporate, Seltec
Feb-09	Mobile Mentor NZ Ltd	Auckland	Consumer Services	4	Early Expansion	\$1m-\$1.5m	ICE Angels	
Feb-09	Podscape Holdings Limited	Auckland	Software and Services	1	Seed	\$0-\$250k	Sparkbox	K1W1, SCIF
Mar-09	Thinking Cactus Limited	Christchurch	Software and Services	1	Seed	\$0-\$250k	Powerhouse Ventures	SCIF, Private Investors
Mar-09	Envirocomp	Christchurch	Commercial Services & Supplies	1	Start Up	\$250-\$500k	NZTE Escalator Service	
Mar-09	Kilptank	Tauranga	Capital Goods	1	Start Up	\$250-\$500k	NZTE Escalator Service	Catalyst Management
Mar-09	Organic Dairy	Hamilton	Food & Beverage	1	Start Up	\$1.5m-\$2.5m	NZTE Escalator Service	Frontier Group
Mar-09	eBonz	Palmerston North	Pharmaceuticals, Biotechnology & Life Sciences	1	Start Up	\$750-\$1m	NZDx	Uniservice Limited, SCIF
Mar-09	Ecodiesel	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	2	Start Up	\$0-\$250k	Pacific Channel	
Mar-09	Right Hemisphere Inc	Auckland	Software and Services	2	Early Expansion	\$500-\$750k	ICE Angels	
Mar-09	Lypanosys Ltd	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	1	Seed	\$1m-\$1.5m	ICE Angels	SCIF, CureKids
Apr-09	Trac Plus Limited	Dunedin	Technology Hardware & Equipment	3	Start Up	\$0-\$250k	Upstart Angels	SCIF
Apr-09	TracMap	Dunedin	Technology Hardware & Equipment	1	Start Up	\$500-\$750k	Upstart Angels	Angel HQ
Apr-09	Anonymous Food Tech Company	Christchurch	Food & Beverage	1	Start Up	\$2.5m+	NZTE Escalator Service	Frontier Group
Apr-09	mDx	Palmerston North	Pharmaceuticals, Biotechnology & Life Sciences	2	Start Up	\$1m-\$1.5m	NZDx	SCIF
Apr-09	Intergrid	Wellington	Software and Services	1	Seed	\$750-\$1m	Angel HQ	
May-09	Precision Training	Christchurch	Consumer Services	1	Expansion	\$0-\$250k	NZTE Escalator Service	Frontier Group
May-09	Marquis Condoms	Auckland	Health Care Equipment & Services	1	Start Up	\$250-\$500k	NZDx	
May-09	Photonz	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	5	Start Up	\$750-\$1m	Cure Kids Ventures	SCIF, Private Investors
May-09	Syft Technologies Ltd	Christchurch	Technology Hardware & Equipment	8	Expansion	\$0-\$250k	Cure Kids Ventures	Private Investors
May-09	Somnaceutics Limited	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	2	Start Up	\$500-\$750k	Pacific Channel	SCIF
Jun-09	Saratan Therapeutics Ltd	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	1	Start Up	\$1.5m-\$2.5m	TTCF	SCIF, Breast Cancer Research Trust
Jun-09	Givealittle	Wellington	Software and Services	1	Start Up	\$250-\$500k	Movac	
Jun-09	Inro Technologies	Auckland	Technology Hardware & Equipment	2	Early Expansion	\$2.5m+	ICE Angels	Endeavour Capital, VAN, SCIF
Jun-09	Unimarket	Auckland	Software and Services	3	Start Up	\$250-\$500k	ICE Angels	SCIF

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Jun-09	Simtrix	Christchurch	Technology Hardware & Equipment	2	Start Up	\$750-\$1m	Endeavour Capital	Private Investors / Endeavour / NZVIF , Frontier Group
Jun-09	Vinacom	Wellington	Software and Services	1	Start Up	\$0-\$250k	Creative HQ	
Jun-09	Triplejump Ltd	Auckland	Diversified Financials	3	Early Expansion	\$250-\$500k	Private Investors	K1W1
Jun-09	SMX Ltd	Auckland	Software and Services	2	Early Expansion	\$1.5m-\$2.5m	K1W1	Private Investors
Jun-09	Zygem	Hamilton	Pharmaceuticals, Biotechnology & Life Sciences	3	Start Up	\$250-\$500k	Cure Kids Ventures	Endeavour Capital, K1W1, SCIF, Private Investors
Jul-09	Flossie	Auckland	Media	2	Early Expansion	\$0-\$250k	Movac	Private Investors
Jul-09	Kaynemaile	Wellington	Materials	5	Start Up	\$0-\$250k	Movac	Private Investors
Jul-09	Wicard	Dunedin	Software and Services	1	Start Up	\$0-\$250k	Upstart Angels	SCIF
Jul-09	Breathe Easy	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	1	Seed	\$0-\$250k	Pacific Channel	SCIF
Aug-09	Polybatics	Palmerston North	Pharmaceuticals, Biotechnology & Life Sciences	1	Seed	\$750-\$1m	Manawatu Investment Group	SCIF, K1W1
Aug-09	Nikos	Auckland	Software and Services	1	Seed	\$0-\$250k	Sparkbox	SCIF, K1W1
Sep-09	Migco Pharmaceuticals	Christchurch	Pharmaceuticals, Biotechnology & Life Sciences	2	Start Up	\$500-\$750k	Pacific Channel	SCIF, Movac
Sep-09	Anzode	San Francisco	Materials	5	Start Up	\$250-\$500k	Manawatu Investment Group	SCIF, K1W1, Private Investors
Sep-09	Mesyntes	Wellington	Health Care Equipment & Services	2	Seed	\$250-\$500k	Sparkbox	SCIF, Movac
Sep-09	Organic Dairy	Hamilton	Food & Beverage	2	Start Up	\$1.5m-\$2.5m	NZTE Escalator Service	Frontier Group
Oct-09	Nutrex Limited	Tauranga	Food & Beverage	1	Start Up	\$1.5m-\$2.5m	NZTE Escalator Service	
Oct-09	Spynnbak	Tauranga	Technology Hardware & Equipment	1	Start Up	\$0-\$250k	NZTE Escalator Service	
Oct-09	PowerbyProxy	Auckland	Technology Hardware & Equipment	2	Start Up	\$250-\$500k	Movac	Evander Capital
Oct-09	Kaynemaile	Wellington	Materials	6	Start Up	\$250-\$500k	Movac	Private Investors
Oct-09	Unimarket	Auckland	Software and Services	4	Start Up	\$500-\$750k	ICE Angels	SCIF
Nov-09	MusicHype	Wellington	Software and Services	1	Seed	\$0-\$250k	Webfund	Private investors
Nov-09	Career Group	Wellington	Software and Services	1	Seed	\$0-\$250k	Creative HQ	Private Investors
Nov-09	Times 7	Wellington	Technology Hardware & Equipment	3	Early stage	\$1m-\$1.5m	NZTE Escalator Service	Private Investors
Dec-09	Kliptank Limited	Tauranga	Materials	1	Start Up	\$250-\$500k	NZTE Escalator Service	
Dec-09	Givealittle	Wellington	Software and Services	3	Start Up	\$0-\$250k	Movac	
Dec-09	Ebus	Auckland	Software and Services	2	Early Expansion	\$250-\$500k	Movac	Private Investors
Dec-09	Reelclever	Hamilton	Software and Services	2	Start Up	\$250-\$500k	Movac	
Dec-09	Swiftpoint Ltd	Christchurch	Technology Hardware & Equipment	2	Start Up	\$1.5m-\$2.5m	Endeavour Capital	Frontier Group, NZVIF
Dec-09	Womama	Wellington	Consumer Durables & Apparel	1	Early Expansion	\$250-\$500k	Creative HQ	Private Investors
Dec-09	Pathway Therapeutics	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	2	Seed	\$2.5m+	TTCF	SCIF
Dec-09	Podscape Holdings Limited	Auckland	Software and Services	2	Seed	\$0-\$250k	Sparkbox	SCIF, K1W1
Dec-09	Innovative Learning	Dunedin	Software and Services	5	Start Up	\$0-\$250k	Upstart Angels	SCIF
Dec-09	Biomatters Ltd	Auckland	Software and Services	6	Start Up	\$250-\$500k	ICE Angels	SCIF
Dec-09	Sharesight	Wellington	Software and Services	1	Start Up	\$250-\$500k	Sparkbox	SCIF
Dec-09	Precision Training	Christchurch	Consumer Services	2	Start Up	\$1m-\$1.5m	NZTE Escalator Service	Frontier Group

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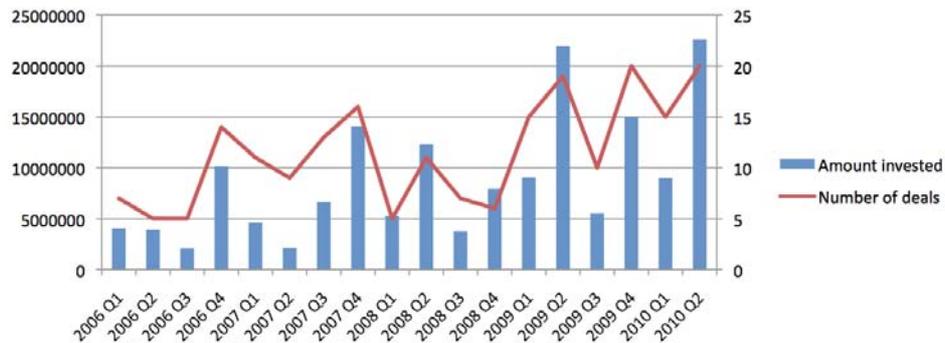
2010

Jan-10	Minimonos	Christchurch	Software and Services	1	Start Up	\$500-\$750k	Venture Accelerator Group	SCIF
Jan-10	Indigo Limited	Christchurch	Technology Hardware & Equipment	6	Start Up	\$0-\$250k	Powerhouse Ventures	SCIF
Jan-10	Huffer NZ Ltd	Auckland	Consumer Durables & Apparel	1	Expansion	\$250-\$500k	NZTE Escalator Service	Private Investors
Feb-10	Lasadex	Christchurch	Pharmaceuticals, Biotechnology & Life Sciences	1	Seed	\$0-\$250k	Powerhouse Ventures	SCIF
Feb-10	Spiers Nutritional	Marton	Pharmaceuticals, Biotechnology & Life Sciences	1	Start Up	\$2.5m+	Manawatu Investment Group	SCIF, Private Investors
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Mar-10	Nikos	Auckland	Software and Services	2	Seed	\$0-\$250k	Sparkbox	SCIF, Private Investors
Mar-10	Tasman Combined/ Sharesight	Wellington	Software and Services	2	Start Up	\$0-\$250k	Sparkbox	SCIF
Mar-10	Ecodiesel	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	3	Early Expansion	\$0-\$250k	Pacific Channel	
Mar-10	Xenos	Palmerston North	Capital Goods	3	Start Up	\$0-\$250k	Manawatu Investment Group	SCIF, Private Investors
Mar-10	Vesper Marine	Auckland	Consumer Durables & Apparel	1	Start Up	\$750-\$1m	ICE Angels	SCIF, Sparkbox, Private Investors
Mar-10	Kayasand	Auckland	Mining	1	Early Expansion	\$750-\$1m	ICE Angels	
Mar-10	Photonz	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	5	Seed	\$500-\$750k	Cure Kids Ventures	SCIF, Private Investors
Mar-10	Brewing Company	Auckland	Food & Beverage	2	Start Up	\$500-\$750k	NZTE Escalator Service	Deloitte, Private Investors
Apr-10	RUGA Corporation	San Francisco	Pharmaceuticals, Biotechnology & Life Sciences	1	Start Up	\$500-\$750k	TTCF	Bay City Capital, OSI Pharmaceuticals
Apr-10	BigLittle Bang	Auckland	Software and Services	2	Start Up	\$750-\$1m	Sparkbox	SCIF, Ice Angels
Apr-10	Anzode	San Francisco	Materials	4	Start Up	\$750-\$1m	Manawatu Investment Group	SCIF, K1W1
Apr-10	ZyGEM Corp	Hamilton	Pharmaceuticals, Biotechnology & Life Sciences	4	Start Up	\$1.5m-\$2.5m	Cure Kids Ventures	SCIF, K1W1, Endeavour Capital, Private Investors
Apr-10	Lypanosys	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	5	Start Up	\$2.5m+	Cure Kids Ventures	
May-10	Minimonos	Christchurch	Software and Services	2	Start Up	\$750-\$1m	Venture Accelerator Group	SCIF, Abgel HQ, Private Investors
May-10	Unimarket	Auckland	Software and Services	5	Start Up	\$500-\$750k	ICE Angels	SCIF, Private Investors
May-10	Sinteractive	Wellington	Technology Hardware & Equipment	1	Start Up	\$250-\$500k	Evander	Angel HQ
May-10	Spiers Nutritional	Palmerston North	Pharmaceuticals, Biotechnology & Life Sciences	1	Start Up	\$0-\$250k	Bio Commerce Centre	
May-10	Ruraltrader Ltd	Waikato	Technology Hardware & Equipment	2	Start Up	\$250-\$500k	NZTE Escalator Service	Private Investors
May-10	1 Night Ltd	Wellington	Technology Hardware & Equipment	1	Seed	\$250-\$500k	NZTE Escalator Service	Corporate
Jun-10	Mesynthes (Mesoma)	Wellington	Health Care Equipment & Services	7	Seed	\$1m-\$1.5m	Sparkbox	SCIF, Movac, Cure Kids, K1W1
Jun-10	Podscape Holdings Limited	Auckland	Software and Services	2	Seed	\$250-\$500k	Sparkbox	SCIF, Private Investors
Jun-10	Tasman Combined/ Sharesight	Wellington	Software and Services	3	Start Up	\$0-\$250k	Sparkbox	SCIF
Jun-10	EROAD	Auckland	Software and Services	2	Early Expansion	\$2.5m+	Private Investors	Private Investors
Jun-10	Indigo Limited	Christchurch	Technology Hardware & Equipment	7	Start Up	\$0-\$250k	Powerhouse Ventures	SCIF

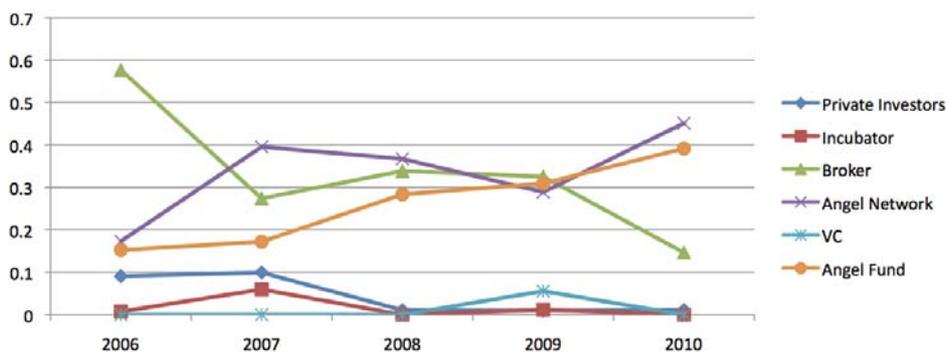
# NZ Young Company Finance

Jun-10	Polybatics	Palmerston North	Pharmaceuticals, Biotechnology & Life Sciences	2	Seed	\$500-\$750k	Manawatu Investment Group	SCIF, K1W1
Jun-10	Solar City	Nelson	Technology Hardware & Equipment	1	Expansion	\$1.5m-\$2.5m	K1W1	Other angels
Jun-10	Inro Technologies	Auckland	Technology Hardware & Equipment	5	Start Up	\$1m-\$1.5m	ICE Angels	SCIF, Venture Accelerator, Private Investors
Jun-10	Caldera Health	Auckland	Pharmaceuticals, Biotechnology & Life Sciences	1	Seed	\$500-\$750k	AngelLink	SCIF, K1W1, Pacific Channel
Jun-10	NZ Honey Specialities	Dunedin	Food & Beverage	1	Start Up	\$1.5m-\$2.5m	NZTE Escalator Service	Private Investors

### Capital Invested 2006-2010 H1

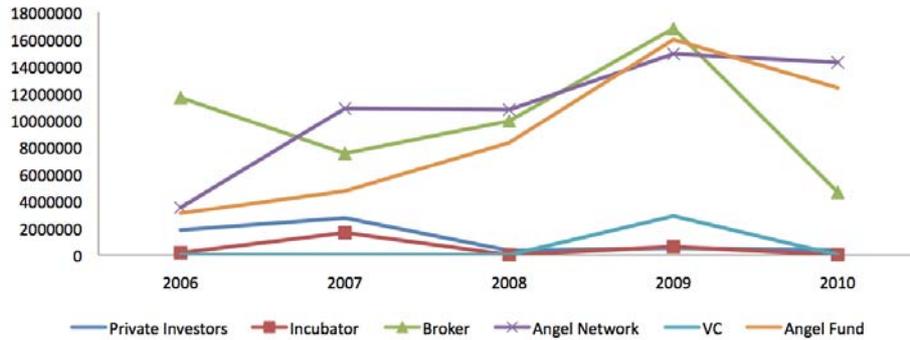


### Deal Sources 2006-2010 H1 %

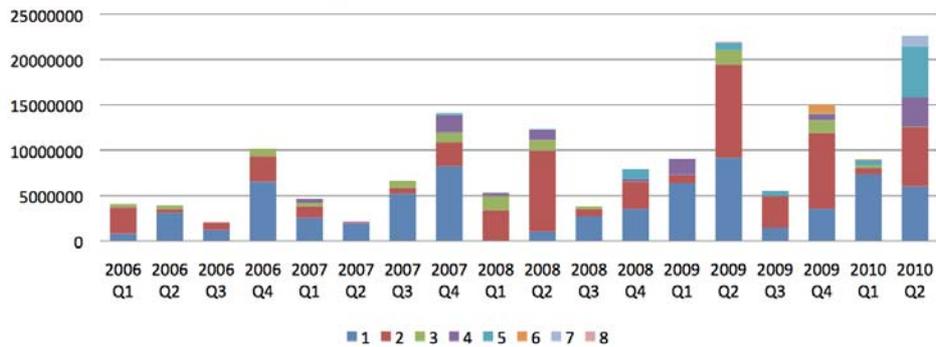


# NZ Young Company Finance

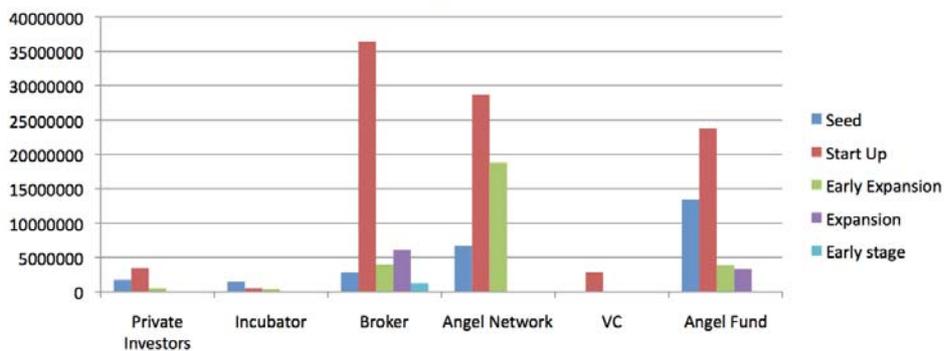
### Deal Sources 2006-2010 H1 \$



### Capital Invested by Round 2006 -2010 H1

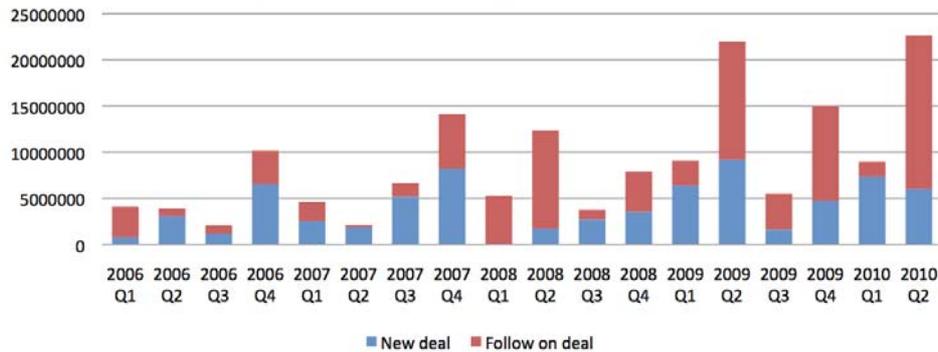


### Deal Sources by Stage 2006-2010 H1

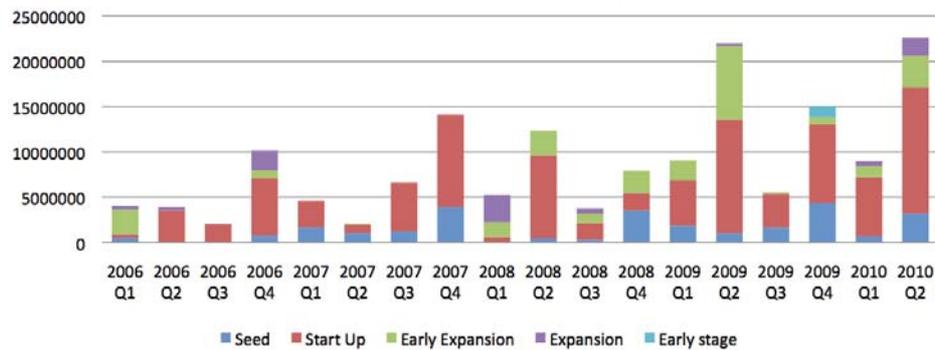


# NZ Young Company Finance

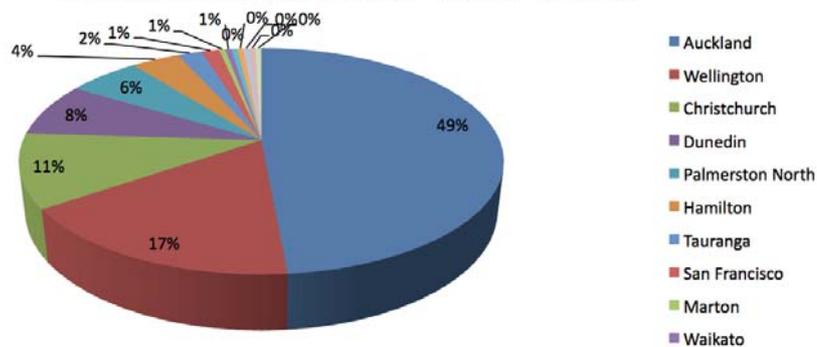
### Capital Invested by Type 2006-2010 H1



### Capital Invested by Stage

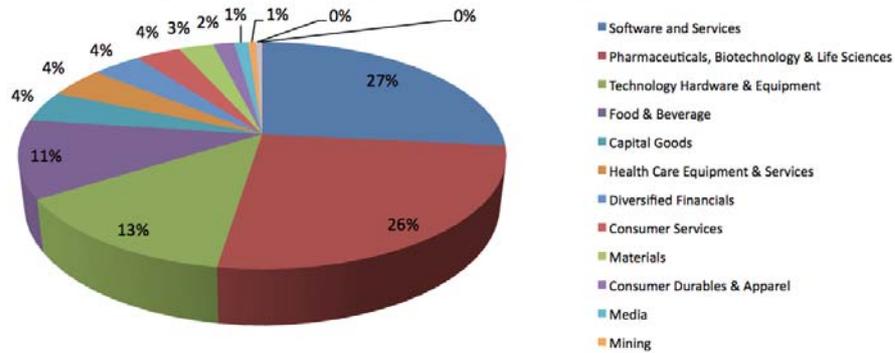


### Capital Invested by Region - % of \$ Invested

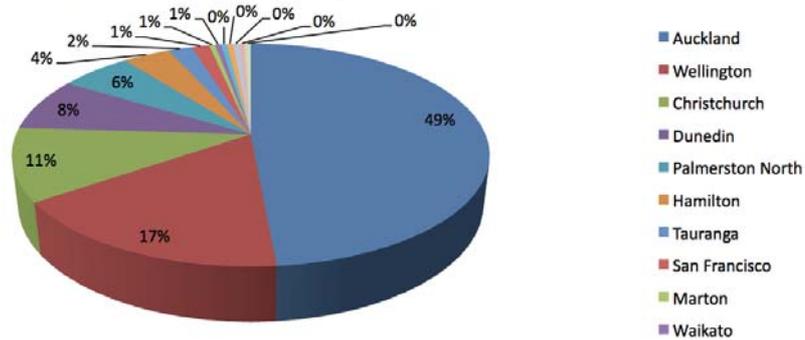


# NZ Young Company Finance

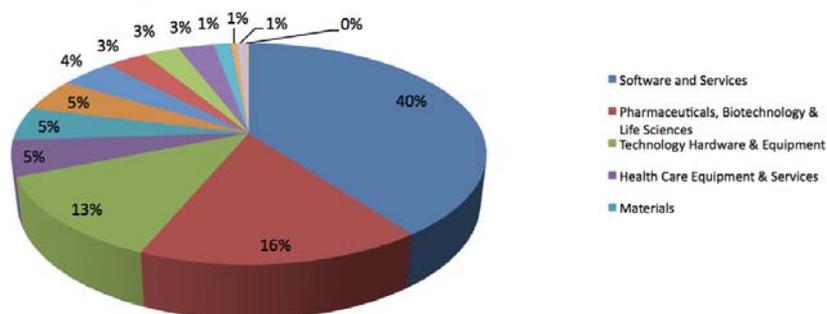
**Capital Invested by Sector - % of \$ Invested**



**Capital Invested by Region - Number of Deals**

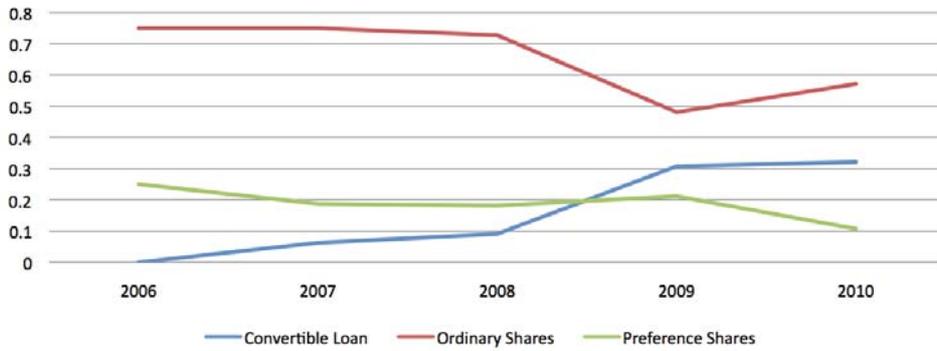


**Capital Invested by Sector - Number of Deals**



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### Deal Types 2006 - 2010 H1



### Syndication 2006 - 2010 H1

