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In an independent adviser's report to all shareholders, KordaMentha recommended a valuation range of NZ\$5.15-NZ\$5.90 and noted that the company's performance and recent reforecast of future performance had increased its confidence about the upper end of that range being achieved. Issuing the report to shareholders, the board said Abano was in the very early stages of a growth phase that would have been difficult for the independent adviser to take into account.

On 14 January the Abano board said the acceptance rate had been very low with only 50,000 shares or 0.2 per cent of the company's shares being sold into the offer. It noted that Crescent had the previous day bought on market 8.7 per cent of Abano's shares to increase its holding to 19.9 per cent.

Institutions which had sold to Abano included RECT (Rotorua Energy Charitable Trust) Funds Management, Salvus Asset Management and ACC (Accident Compensation Corporation). Abano said these sellers had required an escalation clause covering them for any increased bid before they would sell.

Abano chairman Alison Paterson commented: "Despite Crescent's repeated criticism of management and board projections, all of which have been met or exceeded in the past four years, Crescent has been prepared to invest a total of over \$23 million unconditionally in support of their bid which is still conditional to remaining shareholders. The directors doubt very much that Crescent would make such a commitment without seeing very clear upside potential in the company in the short to medium term as they may not end up in a controlling position ..."

A partial takeover offer for 38.85 per cent of Abano made by Masthead Portfolios Limited on 10 October lapsed in December.

#### FUNDS AND FUNDRAISING

### **\$80 million fund targeted by emerging firm**

Emerging venture capital firm OneVentures Pty Ltd plans to raise its first fund this year.

The fund will target a final close of \$80 million and a first close of \$50 million.

The OneVentures Innovation Fund will invest in early stage technology companies. Established in 2006 by successful IT entrepreneur Dr Michelle Deaker, OneVentures has now helped raise early stage funds for three companies.

Dr Deaker co-founded stored-value card business E Com Industries in 1988. As joint chief executive and head of technology, she helped develop the business to annual revenues of \$11 million. This included securing relationships with major retailers Coles and Woolworths and then with major banks. E Com was acquired by UK business Retail Decisions plc in December 2005 for \$30 million cash.

Dr Deaker says the OneVentures fund will invest in small high-growth technology companies at the seed, start-up and early expansion stages across:

New media – web 2.0, e-commerce, online advertising, computer animation entertainment, web portals and online communities

Information technology and telecommunications (IT&T) – for example new payments systems, mobile technologies, security, business process and productivity, IP convergence technologies, devices and components

Clean technologies – for example energy efficiency, emission reduction, renewable energy, clean water

Based in St Leonards, Sydney, the manager plans to focus on investment opportunities along the eastern seaboard, north as far as Brisbane and west as far as Adelaide, primarily to enable

the investment team to work closely with investee companies while containing operating costs.

Dr Deaker says she is looking for business concepts that have clear global expansion opportunities but also the capacity to first establish local revenue bases.

Current portfolio companies are:

- UK company Mi-Pay which provides an innovative range of products and services that enable consumers around the world to undertake financial transactions from mobile phones safely and securely. OneVentures helped raise early stage financing for Mi-Pay from Australian investors. Mi-Pay has since closed a further £1.8 million capital raising with a Tier 1 European Union venture capital firm at twice the 2006 share price of the OneVentures investors.
- US company Datacastle, based in Seattle, which specialises in data protection software for IT service providers and enterprises which allows for intervention-free, secure continuous data backup whether devices are online or offline to computer networks. The technology is state of the art and includes a patent pending security model. OneVentures secured Series A funding for the company, is actively managing the investment on behalf of investors and is providing ongoing support to the company's executive team. Datacastle plans to raise Series B funding in Q2, 2008; it is anticipated this will be at a significant share price uplift on the Series A raising.
- US company AdGent 007 Inc., based in San Francisco, an online media company which has developed technology to enable online publishers to more effectively target advertising to their readership, through being able to analyse the country of origin of the reader and provide

advertising content accordingly. The company says that through its technology, global sales network and online marketplace, it is able to monetise visits to online publications far better than its competitors. The company has recently secured multi-million dollar contracts with leading global publishers. OneVentures provided initial seed capital for AdGent 007, introduced Series A investors and supported Series A negotiations and is playing an ongoing advisory role including supporting establishment of the business in the Asia Pacific region.

Brisbane-based CM Capital was among AdGent 007's Series A investors.

#### NEW FUNDS AND FUNDRAISING

### SME fund seeking \$40 million

Queensland-based Blue Sky Private Equity is raising its first fund in the sector – Blue Sky Private Equity SME Fund.

The fund is seeking to raise \$40 million to invest in the small to medium enterprise business sector, targeting businesses with enterprise values of \$2 million to \$20 million.

Investment commitments are being sought from both institutions and individual investors.

The responsible entity for the fund, and partner in the venture, is Brisbane-based private equity firm Business Management Ltd, manager of the \$40 million Business Equity Fund. Launched in 2000, this now fully invested fund focused on later stage investments. Investment director of Blue Sky Private Equity Robertson Brooks said the new SME fund would seek to invest in eight to ten established businesses that had potential to provide returns of 20 per cent and above.

Mr Brooks said he believed there was enormous investment potential in the Australian SME sector.

Blue Sky would be seeking to invest in companies with solid business models established in sectors with clear growth potential.

"Apart from identifying companies with strong cash flows, we will also look for motivated management teams with the drive, experience and ability to deliver outstanding business results," he said.

Mr Brooks said exit strategies would include building businesses to a size at which they would be attractive to private equity firms that manage larger funds as well as through trade sales or IPOs.

"One of our biggest strengths is we are on the ground identifying these growth companies with our head office in Brisbane and offices in Adelaide and the Gold Coast," he said.

Blue Sky extended its activities from property to private equity in 2006; it has since led a number of deal by deal investments and currently has about \$30 million invested in private equity.

Late last year, Blue Sky reported a \$50,000 capital raising it had targeted to individual investors for investee Paradise Motor Homes had been oversubscribed (AVCJ, Nov 07).

#### INVESTMENT ACTIVITY

### From baby goods to babies

ABN AMRO Capital has acquired a controlling interest in Monash IVF, one of Australia's leading groups of in vitro fertilisation treatment clinics and research laboratories.

The value of the investment has not been announced. The transaction was a management buyout from Monash University with ABN AMRO Capital taking majority ownership and founding medical staff and management co-investing.

Monash IVF was a world pioneer in developing assisted reproduction technologies based on the

research work Professor Carl Wood in the early 1970s.

The company operates clinics in metropolitan and regional areas in Victoria, Queensland and NSW as well as in New Zealand, Sri Lanka and China.

Executive Director of ABN AMRO Capital Michael Taranto said the private equity firm and management owners were committed to investing in research and the expansion of services to ensure Monash IVF continued to be a world leader in its area of medical procedures.

The investment is the sixth from the \$300 million ABN AMRO Capital Australia Fund 2 and follows the acquisition of retail chain Babies Galore in July. ABN AMRO Capital managing director JP Kaumeyer described that investment at the time as partly a response to a ten-year high in the Australian birth rate and the fact that couples were having children later in life when they had more disposable income.

"The theme of our recent investments has been prevailing demographic trends," said Mr Taranto.

Accountant Lou Panaccio was appointed chief executive of Monash IVF following the buyout and is one of the co-investors.

Mr Panaccio led the corporatisation of Melbourne Pathology Group and then its sale to medical diagnostics company Sonic Healthcare Limited (ASX: SHL). He was later appointed a board member of Sonic and retains that position.

"Lou brings a mix of corporate and healthcare management experience as well as in-depth understanding of the needs of procedural specialists," said Mr Taranto.

Mr Taranto said all of the Monash IVF staff doctors and specialist consultants were continuing with the business.

Other investments from ABN AMRO Capital Australia Fund 2 have been influenced by a