



VENTURE CAPITAL AND LATER STAGE PRIVATE EQUITY

AUSTRALIA

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INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Ian Cool on Canberra (02) 6252 6976.

NOTES

INTRODUCTION

Venture capital and later stage private equity (VC&LSPE) is high risk capital directed towards businesses with prospects of rapid growth and/or high rates of returns. It is an investment not only of money, but also of skills and time. This publication presents information on both financial and non-financial contributions to venture capital and later stage private equity investments.

Australian Bureau of Statistics (ABS) undertook the first survey of venture capital for the period 1999–2000 and has since undertaken this survey annually at the request of, and with the financial support of, the Department of Innovation, Industry, Science and Research (DIISR). Support was also received from the Australian Private Equity and Venture Capital Association Limited (AVCAL) for the 2007-08 survey. The title of the 2005-06 and subsequent surveys was expanded to include later stage private equity investments, as well as venture capital, to accurately reflect the activity reported.

ABS have conducted all surveys with the advice and assistance of users of these statistics, industry bodies and data providers.

SCOPE & COVERAGE

Data users are advised to exercise caution when interpreting the results and should refer to the definitions and scope of the survey. Refer to paragraphs 4-10 of the Explanatory Notes for more information.

REVISIONS

There have been revisions in some series back to 2005-06 to include the latest available survey data.



ABBREVIATIONS

\$b	billion (thousand million) dollars
\$m	million dollars
ADI	Authorised Deposit-taking Institution
ANZSIC	Australian and New Zealand Standard Industrial Classification
AVCAL	Australian Private Equity and Venture Capital Association Limited
IPO	Initial Public Offer
IT	information technology
LBO	leveraged buyout
MBI	management buyin
MBO	management buyout

Brian Pink
Australian Statistician

TIME SERIES DATA

TABLES AVAILABLE AS DATA CUBES

Data available free on the ABS web site <<http://www.abs.gov.au>> include longer time series of tables in this publication back to 1999–2000 and the following additional data cubes:

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SUMMARY OF FINDINGS

INTRODUCTION

Investors in Venture Capital and Later Stage Private Equity (VC&LSPE) are generally sophisticated individual investors or organisations such as pension (superannuation) funds. Investors invest in VC&LSPE vehicles which are mainly organised in the form of either trust funds or corporations. There are two types of vehicles: those that generally invest directly in investee companies, and those who pool funds and generally invest through the direct investment vehicles. The latter are called fund of funds.

The investment decisions of the vehicles are made by a VC&LSPE manager, who is generally a skilled business person and financial analyst. The VC&LSPE manager provides assistance and advice to the investee companies.

The usual relationship between the investors, managers, vehicles and investee companies is shown below. While this represents the usual relationship, variation can occur e.g. some fund of funds may co-invest with another fund manager.

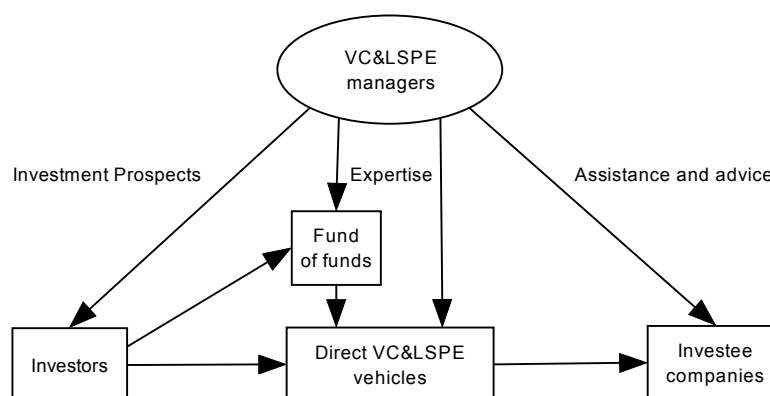


Diagram 1

OVERVIEW

The value in funds committed to VC&LSPE investment vehicles increased during 2007-08. As at 30 June 2008, investors had \$17.1b committed to investment vehicles, an increase of 13% on the revised \$15.1b committed as at 30 June 2007. Most of the committed funds were sourced domestically, with 89% of commitments from Australian investors (down slightly on June 2007). Resident pension funds continue to increase their contribution to total commitment, with \$9.4b of committed capital (55% of total funds committed). Investors had \$10.6b of committed funds drawn down at 30 June 2008, an increase of 16% on the previous year end (a revised \$9.2b at June 2007).

As at 30 June 2008, there was \$6.5b of committed funds yet to be called on, up 9% on the revised \$6.0b of unused (undrawn) commitments as at June 2007. The \$6.5b of undrawn commitments can be classified by preferred stage of investment, with only \$1.2b undrawn by funds which prefer to invest at the early stage.

The value of investments by VC&LSPE investment vehicles (\$7.9b in 1,135 investee companies) increased by 14% on the revised \$6.9b reported at the end of June 2007. Investments in these 1,135 investee companies were reported by 286 vehicles.

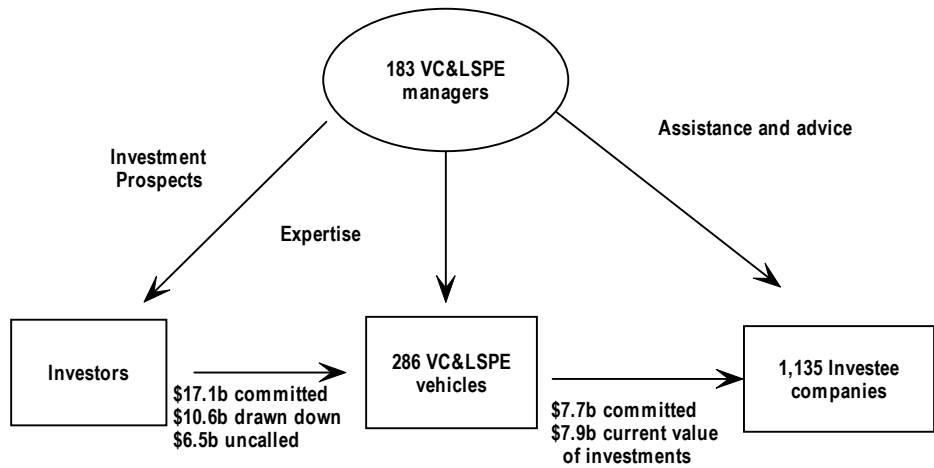
During 2007-08, the net value of all exits through trade sales, IPOs and buybacks amounted to \$843m.

SUMMARY OF FINDINGS *continued*

OVERVIEW *continued*

The selection of investee companies (into which capital is invested) was an intensive process for the VC&LSPE managers. The total of 183 venture capital managers reviewed 8,497 potential new investments during 2007-08 and conducted further analysis on 963 of those, with 250 being sponsored for VC&LSPE.

The following diagram summarises key findings for VC&LSPE at June 2008.



ANALYSIS OF RESULTS

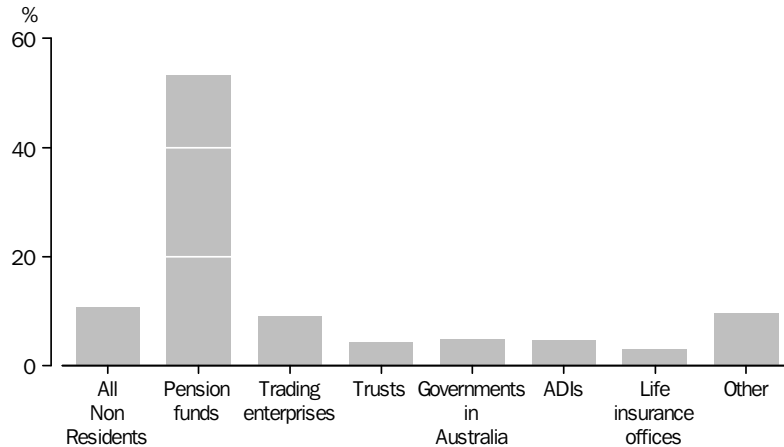
INVESTORS

VC&LSPE investors are generally sophisticated individual investors or organisations such as pension (superannuation) funds. Investors invest in VC&LSPE vehicles which are mainly organised in the form of trust funds or corporations. VC&LSPE trust funds obtain investment commitments from investors, which are drawn down over time. They must return capital plus profit (minus loss) as investments are realised. VC&LSPE vehicles organised as corporations are able to choose to make distributions to investors (including parent corporations) or to retain capital for further investment. Investors in corporations may liquidate their investment by sale on the secondary market.

VC&LSPE investment vehicles include both direct VC&LSPE investment vehicles which place investments directly in investee companies, and fund of funds investment vehicles which mainly place investments with direct VC&LSPE investment vehicles. At end of June 2008, \$17.1b was committed to direct VC&LSPE investment vehicles, \$3.6b of which was committed via fund of funds investment vehicles. At end of June 2008, \$6.5b of commitments to direct VC&LSPE investment vehicles were unused, \$1.6b of which was committed via fund of funds investment vehicles (see table 1).

The following graph presents drawdown investment for VC&LSPE investors by type of investor. The largest source of funds in terms of drawdowns for VC&LSPE vehicles was provided by domestic pension funds, with 53% of total drawdowns (down slightly from 54% at June 2007).

DRAWDOWN FROM INVESTORS BY INVESTOR TYPE, Percentage of total investment in VC&LSPE vehicles—2007-08



ANALYSIS OF RESULTS *continued*

VC&LSPE MANAGERS AND INVESTMENT VEHICLES

The survey identified 183 active VC&LSPE managers who were managing 286 VC&LSPE investment vehicles.

VC&LSPE managers received income in the form of management fees (\$198m). In 2007-08, fund managers spent on average 3.9 days a month per investee company. This compares with 3.6 days in 2006-07 and 2005-06.

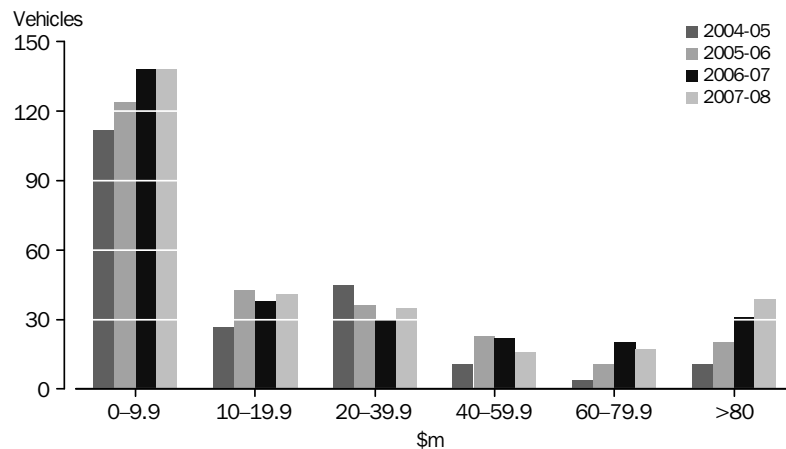
VC&LSPE investment vehicles had net assets of \$10.3b at June 2008 compared with \$9.5b at June 2007 and \$6.9b at June 2006.

Most VC&LSPE investment vehicles were either trusts (funds) or corporations. Of the 286 vehicles operating in 2007-08, 105 were companies, 18 of which were listed with the Australian Stock Exchange.

At the end of June 2008, 118 of the 286 VC&LSPE investment vehicles were participating in a government program, a slight decrease on the number of participants in 2007. Most of the participating investment vehicles were with the Federal government's Pooled Development Fund (PDF) program.

The value of total assets held by VC&LSPE investment vehicles was widely dispersed, from 138 investment vehicles having less than \$10m in assets, to 39 with more than \$80m in total assets.

NUMBER OF INVESTMENT VEHICLES, By value of assets held



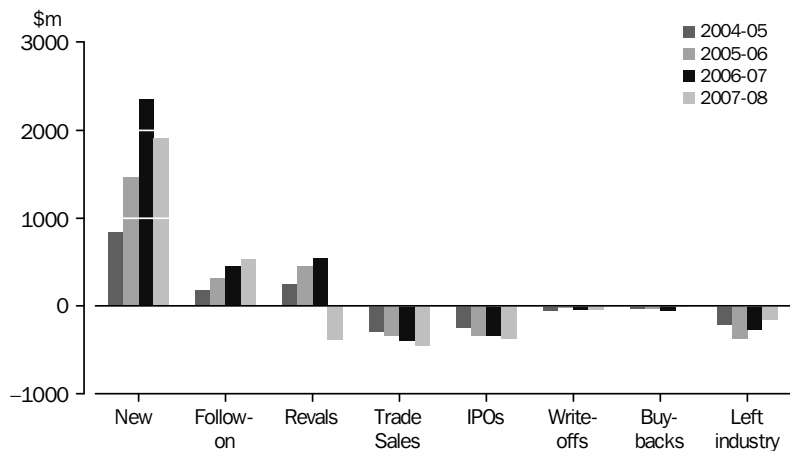
ANALYSIS OF RESULTS *continued*

VC&LSPE MANAGERS AND INVESTMENT VEHICLES *continued*

Table 2 shows the financial flows between VC&LSPE investment vehicles and investee companies over the survey period. New and follow-on investments by VC&LSPE investment vehicles fell by \$342m (13%) in 2007-08 to \$2,445m.

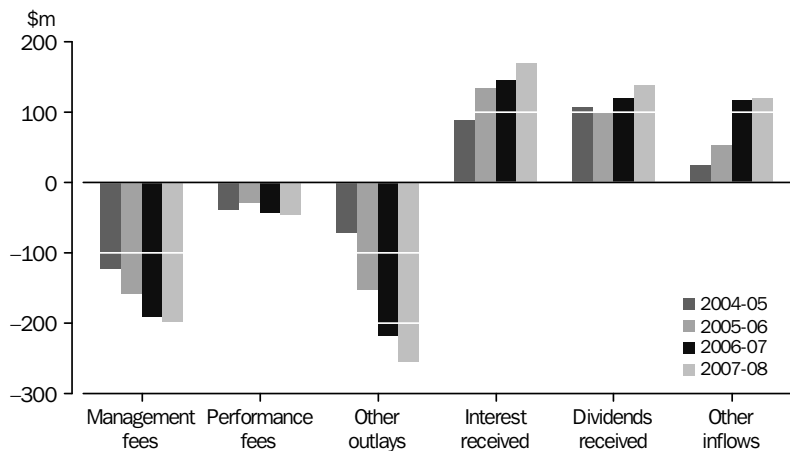
Most return on investment to investees is through exits from investments. The decrease in the investment value due to exits through trade sales, IPOs and buybacks was \$843m in 2007-08 (made up of \$1,319m of sale proceeds less \$476m profit over the life of the investments). This compares to a reduction in investment value of \$787m in 2006-07 (made up of \$1,552m of sales proceeds less \$765m profit over the life of the investments). The value of vehicles that have dropped out of the Australian VC&LSPE industry (\$162m in 2007-08) was lower than the level recorded in the previous year.

ADDITIONS AND EXITS TO INVESTMENTS IN INVESTEE COMPANIES



Investment vehicles had total expenditure of \$498m during 2007-08, of which the largest contributor was management fees (\$198m, compared to \$191m during 2006-07). Total income increased to \$428m, driven mainly by an increase in Interest received (\$169m in 2007-08 compared to \$145m in 2006-07).

INCOME AND EXPENDITURE OF INVESTMENT VEHICLES

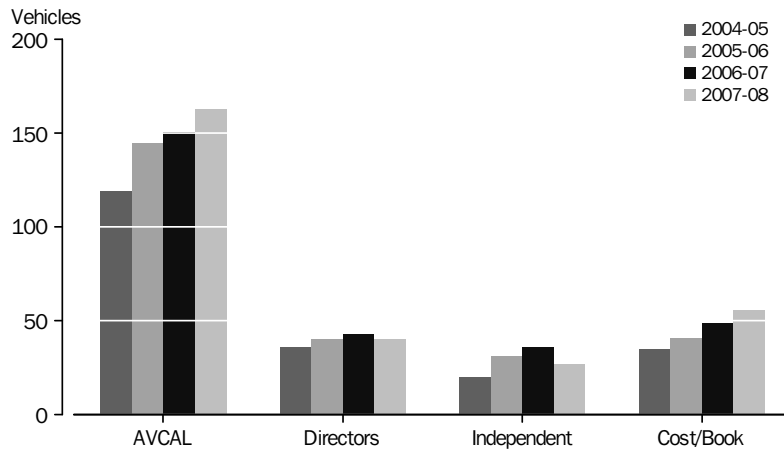


ANALYSIS OF RESULTS *continued*

VC&LSPE MANAGERS AND INVESTMENT VEHICLES *continued*

VC&LSPE funds used various valuation methods (refer to paragraph 14 of the Explanatory Notes). The AVCAL method was most frequently used, with 163 vehicles using this method in 2007-08, followed by book value/cost valuation methods (56) and directors' valuation (40).

VALUATION METHODS USED, By investment vehicles

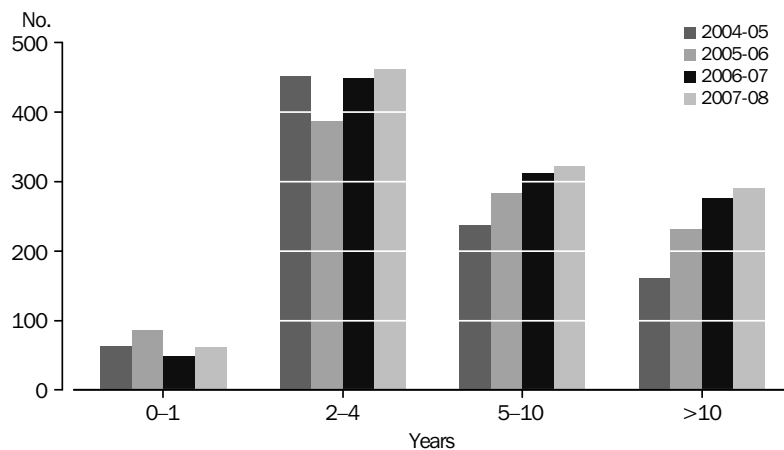


INVESTEE COMPANIES

Of the \$7,927m that had been invested in the 1,135 investee companies (deals) at June 2008, \$1,910m was invested in new projects during the 2007-08 financial year (down by \$451m or 19% on 2006-07), with additional investments in existing projects of \$535m (up \$89m or 20%). See table 2 for more details.

The following graph indicates that in 2007-08, the largest concentration of deals made by VC&LSPE vehicles were with investee companies established for between two and four years (41%). Investee companies in the five to 10 year category accounted for 28% of deals in 2007-08.

NUMBER OF DEALS, By age of investee company



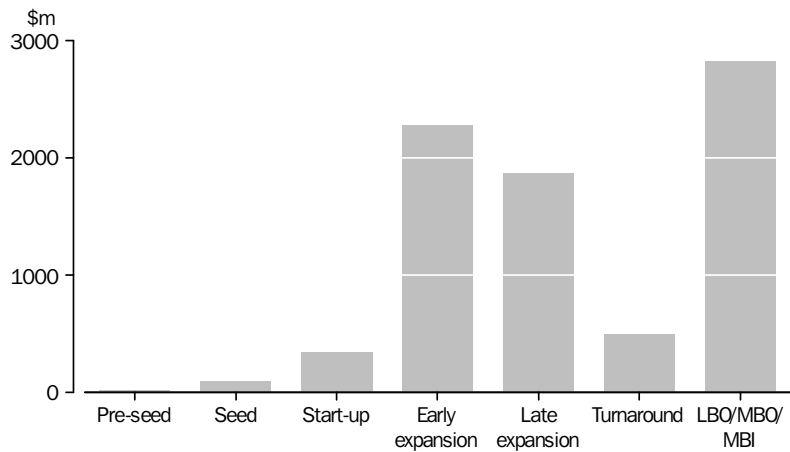
ANALYSIS OF RESULTS *continued*

INVESTEE COMPANIES *continued*

In terms of the current stage of investment, total investments in the leveraged buyout/management buyout/management buyin (LBO/MBO/MBI) stage attracted the largest share, with \$2,831m or 36% of total value as at the end of June 2008.

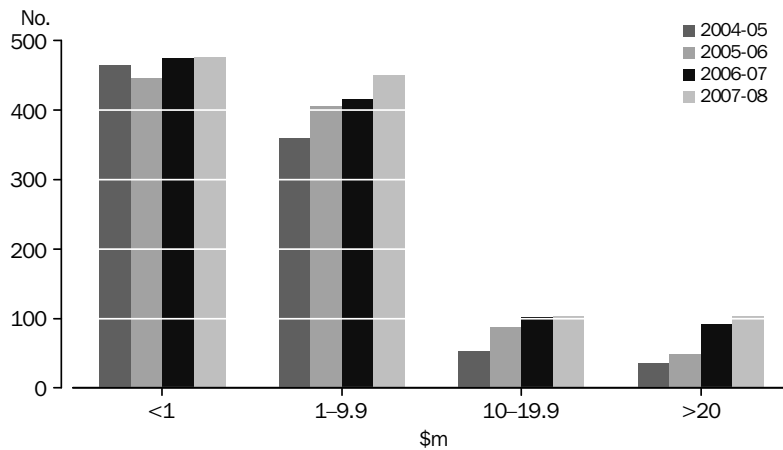
See paragraph 12 of the Explanatory Notes for a definition of the VC&LSPE stages referred to in the following graph.

VALUE OF INVESTMENT, By investee stage—2007–08



The following graph shows the distribution of the value of investment placed by VC&LSPE managers in individual investee companies. Most deals attracted less than \$10m from any one investment vehicle, but the proportion receiving greater than \$20m has been steadily increasing over the past four survey years.

VALUE OF INVESTMENT, By number of investees

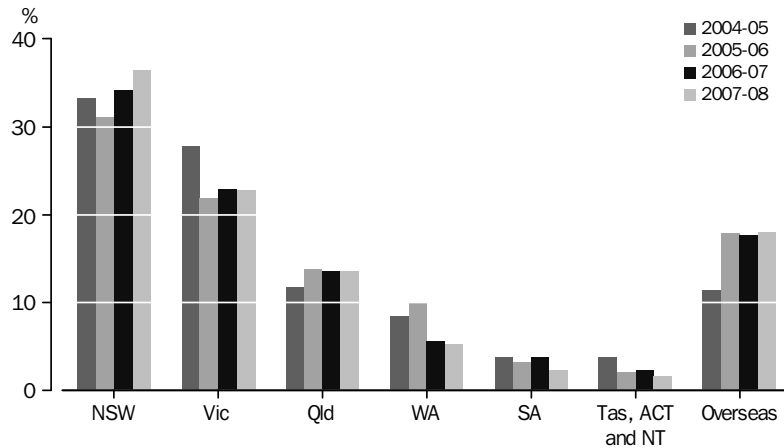


ANALYSIS OF RESULTS *continued*

INVESTEE COMPANIES *continued*

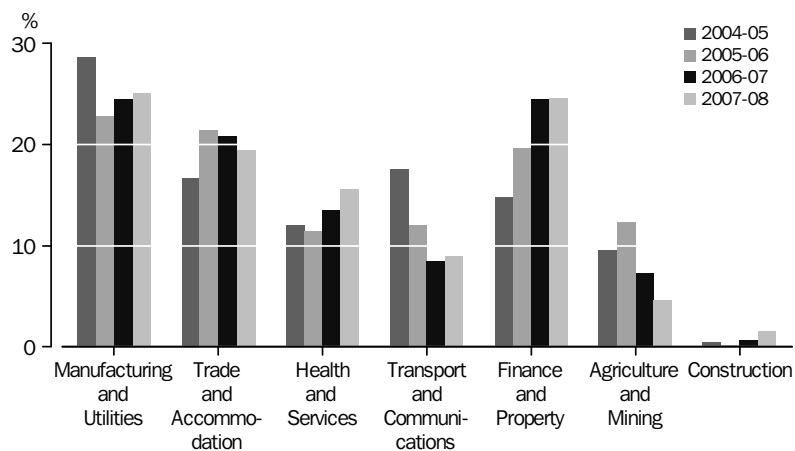
Most of the value of VC&LSPE investment was in investee companies with head offices in NSW and Victoria (with 36% and 23% respectively at June 2008). The current value of investee companies with head offices in NSW increased by \$529m compared to 2006-07, and Victoria rose by \$221m. The current value of investments by Australian vehicles in offshore investee companies remained significant, increasing (up \$201m) to \$1,427m in 2007-08.

PERCENTAGE OF INVESTMENT VALUE, By location of investee



VC&LSPE vehicles invested in a wide range of industries. Of the total value of \$7,927m invested in 2007-08, Manufacturing and Utilities became the predominant industry of investment, with investments at the end of the year of \$1,990m (25%). The current proportion of investments increased in the Finance and Property industries (to 25% of total investments), Health and Services industries (to 16% of total investments), Construction industries (to 2% of total investments) and Transport and Communications industries (to 9% of total investments). All other industries recorded decreases in their proportion of total investment.

PERCENTAGE OF TOTAL INVESTMENT, By industry of investee

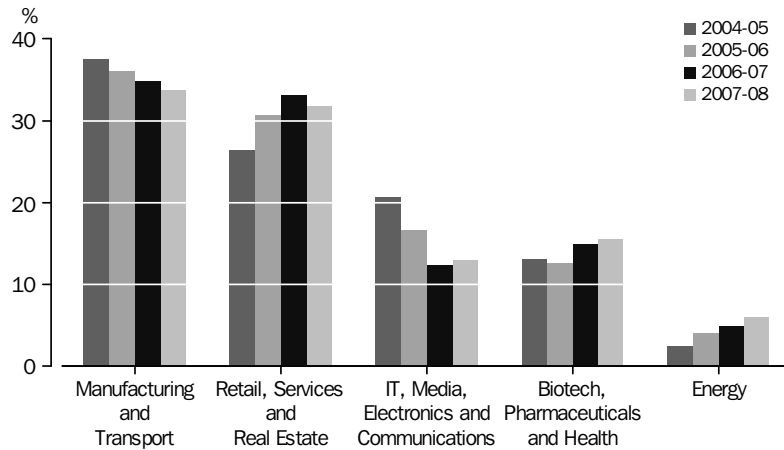


ANALYSIS OF RESULTS *continued*

INVESTEE COMPANIES *continued*

When analysed by activity, as defined by the Standard and Poors Activity Classification, the Manufacturing and Transport related activities attracted the largest share of investment, with \$2,676m or 34% of total investment for 2007-08. Retail, Services and Real Estate with \$2,514m (32%) and Biotech, Pharmaceuticals and Health activities with \$1,235m (16%) also attracted large shares of the total investments as at the end of June 2008.

PERCENTAGE OF VALUE OF INVESTMENT, By activity of investee



SOURCE OF FUNDS OF INVESTMENT VEHICLES

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	\$m	\$m	\$m	\$m	\$m	\$m
.....						
COMMITMENTS BY INVESTORS						
Non-residents						
Pension funds	27	27	27	194	184	248
Other	550	649	657	620	1 129	1 643
Residents						
Pension funds	3 235	4 346	4 996	6 245	8 397	9 420
Authorised Deposit-taking Institutions	679	462	637	494	466	577
Trading enterprises	648	818	1 000	1 330	941	1 249
Governments in Australia	561	456	781	768	888	850
Life insurance offices	242	161	179	293	315	360
Trusts	174	257	452	680	627	706
Other residents	755	807	1 319	1 724	2 201	2 081
Total	6 871	7 983	10 048	12 348	15 148	17 133
Of which, invested through a fund of funds(a)	662	994	1 193	2 104	2 681	3 584
.....						
DRAWDOWNS FROM INVESTORS						
Non-residents						
Pension funds	20	20	21	134	np	142
Other	396	326	343	272	823	1 006
Residents						
Pension funds	1 867	2 246	2 561	3 380	4 982	5 647
Authorised Deposit-taking Institutions	421	310	504	410	np	506
Trading enterprises	525	491	460	705	728	966
Governments in Australia	264	262	336	389	514	518
Life insurance offices	162	141	150	204	304	331
Trusts	102	143	226	385	382	471
Other residents	586	653	852	1 470	910	1 026
Total	4 343	4 592	5 453	7 349	9 157	10 613
Of which, invested through a fund of funds(a)	390	515	688	788	1 466	2 005
.....						
UNUSED COMMITMENT						
Non-residents						
Pension funds	7	7	6	61	np	106
Other	154	323	314	347	306	637
Residents						
Pension funds	1 368	2 100	2 435	2 865	3 416	3 773
Authorised Deposit-taking Institutions	258	152	133	84	np	71
Trading enterprises	123	327	540	625	213	282
Governments in Australia	297	194	445	378	374	332
Life insurance offices	80	20	29	89	11	29
Trusts	72	114	226	295	246	235
Other residents	169	154	467	254	1 291	1 054
Total	2 528	3 391	4 595	4 999	5 991	6 520
Of which, invested through a fund of funds(a)	272	479	505	1 316	1 215	1 579

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Capital sourced from investors which were invested through a fund of funds, into a direct vehicle.

2

INVESTMENT BY VENTURE CAPITAL AND LATER STAGES PRIVATE EQUITY INVESTMENT VEHICLES IN INVESTEE COMPANIES

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	\$m	\$m	\$m	\$m	\$m	\$m
Investments at beginning of year	3 194	3 338	3 092	3 532	4 665	6 919
<i>Additions to investment value during year</i>						
New vehicles and projects	472	465	839	1 475	2 361	1 910
Follow-on investments	194	162	183	307	446	535
Unrealised gains in investee companies	29	50	254	453	545	-385
<i>Exits and other decreases in value (at balance sheet valuations)</i>						
Trade sales	69	241	291	334	392	456
Initial public offers	76	428	246	345	342	376
Buybacks	67	60	35	36	53	11
Write-offs	123	50	49	22	40	45
Left the industry	216	144	215	365	272	162
Investments at end of year	3 338	3 092	3 532	4 665	6 919	7 927

3

NEW AND FOLLOW-ON INVESTMENT IN INVESTEE COMPANIES, By stage of investee company(a)

Stage of investee company	2006-07		2007-08	
	no.	\$m	no.	\$m
New investments during the year				
Pre-seed	25	13	13	5
Seed	15	13	22	25
Start-up	39	62	45	152
Early Expansion	63	515	78	458
Late Expansion	42	np	49	584
New Turnaround	5	np	7	75
LBO/MBO/MBI	52	1 075	36	612
Total	241	2 361	250	1 910
Follow-on investments during the year				
Pre-seed	9	1	10	5
Seed	30	8	15	7
Start-up	53	43	35	35
Early Expansion	84	141	95	200
Late Expansion	44	80	51	105
Turnaround	6	28	11	21
LBO/MBO/MBI	29	145	45	162
Total	255	446	262	535

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) A new stage of development classification was introduced in the 2005-06 survey.

	Earlier stages(a)	Expansion	Later stages(a)
	\$m	\$m	\$m
.....			
COMMITMENTS BY INVESTORS			
Funds			
Non-residents			
Pension funds	—	np	np
Other	np	np	837
Residents			
Pension funds	1 586	3 233	4 600
Authorised Deposit-taking Institutions	8	383	186
Trading enterprises	304	627	317
Governments in Australia	325	204	321
Life insurance offices	np	133	np
Trusts	np	275	np
Other residents	176	660	1 245
Total	3 018	6 122	7 993
Of which, invested through a fund of funds(b)	419	1 073	2 092
.....			
DRAWDOWNS FROM INVESTORS			
Funds			
Non-residents			
Pension funds	—	np	np
Other	134	252	620
Residents			
Pension funds	912	1 933	2 802
Authorised Deposit-taking Institutions	np	np	168
Trading enterprises	287	474	205
Governments in Australia	233	148	136
Life insurance offices	np	116	np
Trusts	106	200	165
Other residents	124	428	474
Total	1 811	4 021	4 782
Of which, invested through a fund of funds(b)	261	581	1 163
.....			
UNUSED COMMITMENT			
Funds			
Non-residents			
Pension funds	—	np	np
Other	np	np	217
Residents			
Pension funds	675	1 301	1 798
Authorised Deposit-taking Institutions	np	np	18
Trading enterprises	17	153	112
Governments in Australia	91	55	185
Life insurance offices	np	17	np
Trusts	np	75	np
Other residents	51	232	771
Total	1 208	2 101	3 212
Of which, invested through a fund of funds(b)	158	492	929
.....			

— nil or rounded to zero (including null cells)

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Refer to paragraph 12 of the Explanatory Notes.

(b) Capital sourced from investors which were invested through a fund of funds, into a direct vehicle.

5

TOTAL COMMITMENTS BY INVESTMENT VEHICLES, By investment vehicles' preferred stage of investment—By current stage of development of investee companies—2007–08

<i>Investment vehicles' preferred stage of investment</i>	INVESTEE COMPANIES' CURRENT STAGE OF DEVELOPMENT		
	<i>Earlier stages(a)</i>	<i>Expansion</i>	<i>Later stages(a)</i>
	\$m	\$m	\$m
Earlier stages(a)	328	495	105
Expansion	131	1 807	793
Later stages(a)	61	1 446	2 546

(a) Refer to paragraph 12 of the Explanatory Notes.

6

TOTAL COMMITMENTS BY INVESTMENT VEHICLES, By current stage of development of investee companies—By stage of development when original investment made—2007–08

<i>Stage of development when original investment made</i>	INVESTEE COMPANIES' CURRENT STAGE OF DEVELOPMENT		
	<i>Earlier stages(a)</i>	<i>Expansion</i>	<i>Later stages(a)</i>
	\$m	\$m	\$m
Earlier stages(a)	520	318	76
Expansion	—	3 431	540
Later stages(a)	—	—	2 828

— nil or rounded to zero (including null cells)

(a) Refer to paragraph 12 of the Explanatory Notes.

EXPLANATORY NOTES

THE SURVEY

1 This publication contains venture capital and later stage private equity (VC&LSPE) statistics for the period 2002–03 to 2007–08. Data back to 1999–2001 are also available in the supplementary spreadsheets available on the ABS website <<http://www.abs.gov.au>>.

2 The 2007–08 VC&LSPE survey was jointly funded by Department of Innovation, Industry, Science and Research (DIISR) and the Australian Private Equity and Venture Capital Association Limited (AVCAL). The survey was first conducted for the 1999–2000 reference period, with results released as a Special Article in the Managed Funds, Australia (ABS cat. no. 5655.0) December quarter 2000 issue.

3 The population of investment managers included in the survey was constructed from lists of participants in government programs (including Pooled Development Fund, Innovation Investment Fund, Venture Capital Limited Partnerships, Information and Communications Technology Incubator Program), membership of AVCAL, the Australian Venture Capital Guide, business directories and venture capital journals. The survey is, in fact, a census of VC&LSPE vehicles domiciled in Australia that were able to be identified by ABS. Investment managers reported on behalf of the VC&LSPE investment vehicles they controlled.

SCOPE AND COVERAGE

4 The VC&LSPE survey aimed to cover all investments by resident VC&LSPE vehicles in enterprises that met the following definition of venture capital and later stage private equity.

5 *Venture capital* is defined as high risk private equity capital for typically new, innovative or fast growing unlisted companies. A venture capital investment is usually a short to medium-term investment with a divestment strategy with the intended return on investment mainly in the form of capital gains (rather than long-term investment involving regular income streams).

6 *Later stage private equity* is defined as investment in companies in later stages of development, as well as investment in underperforming companies. These companies are still being established, the risks are still high and investors have a divestment strategy with the intended return on investment mainly in the form of capital gains (rather than long-term investment involving regular income streams).

7 As VC&LSPE vehicles invest in a business, they become part owners and may require a seat on the company's board of directors. They tend to take a minority share in the company and usually do not take day to day control, but the managers provide support and advice on a range of management and technical issues to assist the company to develop its full potential.

8 *Fund of funds* which invest mainly in other VC&LSPE funds are also included within the scope of this survey. This type of fund pools investments from a diverse range of investors and mainly places its investments with other VC&LSPE funds who then invest in unlisted companies. Direct investments in unlisted companies may occur, but are typically undertaken as a co-investment with another fund manager who manages the investment.

9 Organisations which were not considered VC&LSPE funds for the purposes of this survey included organisations with a principal activity of providing non-financial support to seed industries. For instance, incubators (typically providing office space and support) set up by either a state government or by way of a Commonwealth grant facilitate seed enterprises in their efforts to get the business into a position of growth. The incubator may offer grants, seed funding, reduced office rental, mentors, marketing contacts and access to office equipment. Only those incubators with significant equity investment in seed enterprises were included in this survey.

EXPLANATORY NOTES *continued*

SCOPE AND COVERAGE

continued

10 Investments by non-resident VC&LSPE funds in Australian investee companies are out of scope of this survey, however funds sourced from non-residents and Australian funds investing in non-resident companies are in scope. In addition, non-institutional investors such as "business angels" (private individuals investing in private equity) were also excluded.

FURTHER CHARACTERISTICS

11 The following are typical characteristics of VC&LSPE activities.

- The VC&LSPE industry receives a large number of approaches from individuals and groups of individuals who have what they believe to be good business propositions.
- A small or specialist fund manager will typically receive between 5 and 20 approaches each month for funding; of those 2 or 3 may receive more thorough examination, and out of those perhaps 1 per quarter will get funding.
- The medium sized organisations will receive anything from 20 to 400 approaches in a month. Even though they are medium in size in terms of the amount of capital they are raising and disbursing, their offices typically have only a small number of highly trained staff. There may be 5 or 10 approaches that are investigated thoroughly or undergo due diligence. From these perhaps 2 or 3 will receive funding in a quarter.
- A small number of large organisations receive upwards of 400 approaches a month. These offices are still run with a small number of staff. The culling process is similar to that of the medium sized organisations, with perhaps 5 to 7 enterprises receiving funding in any one quarter.

12 The following describes various stages at which a venture capital vehicle may make investments.

- Pre-seed, seed, start-up or early (earlier stages): products are in development, testing or pilot production. Investee companies may not be fully operational and may not yet be generating revenue.
- Early expansion, expansion or late expansion: developed products are in the market and the investee company has significant revenue growth and may be approaching, or at, profitable operating levels.
- Turnaround, late, buy-out or sale (later stages): a mature investee company that may require financing for turnarounds (because of flat or declining revenue), consolidation and sales.

13 The following definitions of the type of capital sourced from investors are used in this survey.

- Commitments from investors: capital pledged by investors, representing the maximum amount that the fund may drawdown from investors. Committed capital shown in table 1 of this publication is cumulative.
- Drawdowns from investors: for funds, this represents cumulative called capital. This is the amount of capital committed by investors that has actually transferred to a venture capital fund in aggregate for the life of the fund, and is also known as paid-in capital. Calls made, but not yet received, are excluded. Capital returned to investors that is available to be called from investors is excluded from the balance at the end of the financial year. For companies, drawdowns from investors represents paid-up capital as at the end of the year.

VALUATION BASIS

14 The VC&LSPE industry uses a variety of valuation methods for the equity they hold in the investee companies. The valuation methods may vary from one organisation to the other. However, the AVCAL method (described below) is widely used in reporting the value of the private equity holdings.

Methods of valuation

ASSETS VALUED BY THE AVCAL METHOD

EXPLANATORY NOTES *continued*

Methods of valuation continued

15 This method is well documented by AVCAL and Venture Economics and states that all assets should be valued at cost for the first 12 months and thereafter valued at market value or Directors' Valuation.

ASSETS VALUED BY DIRECTORS' VALUATION

16 Assets may be valued by the Directors taking care to undertake valuations with integrity and based on a common sense approach. This will need to be logically cohesive and subject to a rigorous review procedure under the direction of senior management and possibly non-executive Directors.

ASSETS VALUED BY INDEPENDENT VALUATION

17 The fund may choose to engage a registered independent valuer who will then value the asset based on the current market movements and environment.

ASSETS VALUED AT COST/BOOK VALUE

18 This method is preferred at least for the first 12 months and it is the cost of the asset at time of purchase by the Fund.

EFFECTS OF ROUNDING

19 Any discrepancies between totals and sums of components in the tables are due to rounding.

RELATED STATISTICS

20 Related ABS publications which may also be of interest include:

- *Australian System of National Accounts* (cat. no. 5204.0)—issued annually;
- *Australian National Accounts: National Income, Expenditure and Product* (cat. no. 5206.0)—issued quarterly;
- *Australian National Accounts: Concepts, Sources and Methods* (cat. no. 5216.0)—latest issue, 2000;
- *Australian National Accounts: Financial Accounts* (cat. no. 5232.0)—issued quarterly;
- *Managed Funds, Australia* (cat. no. 5655.0)—issued quarterly;
- *Standard Economic Sector Classifications of Australia (SESCA) 2002* (cat. no. 1218.0)—latest issue, 2002.

21 Non-ABS data sources:

- Australian Private Equity and Venture Capital Association Limited web site <<http://www.avcal.com.au>>
- Venture Economics web site <<http://www.ventureeconomics.com>>
- Australian Venture Capital Guide 2007, Australian Venture Capital Journal; web site contact <<http://www.vcjournal.com.au>>

22 Data available on request:

The ABS may be able to provide additional data for this survey on request.

FOR MORE INFORMATION . . .

INTERNET **www.abs.gov.au** the ABS website is the best place for data from our publications and information about the ABS.

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FAX 1300 135 211

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