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Angel Deal Spotlight

MELBOURNE ANGELS:

MEMS-ID PTY. LTD.

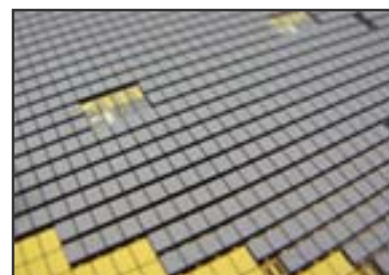
Seven members of Melbourne Angels invested in Preference Shares of Mems-ID through a special purpose unit trust. One member of Melbourne Angels, a prior investor in Mems-ID, introduced the opportunity to the group when a new funding round opened.

The company has been mainly funded by private investors and in the most recent round raised \$615,000. The funds will be used to deliver commercial demonstrator product to satisfy the first phase of the company's commercialisation plan, including a more aggressive market entry into the USA.

Mems-ID was founded in 2003 to develop advanced Radio Frequency Identification (RFID) and temperature sensing devices using low-cost Micro Electro Mechanical Systems (MEMS) technology.

Today, the company has 7 staff at its head office in the MiniFAB facility on the outskirts of Melbourne, a sales office established in San Diego and manufacturing in Santa Barbara.

The company offers a unique tracking system comprising chips and an interrogator to assist in reducing the risk of errors and improving patient safety; it addresses critical and immediate unmet needs that the company has identified in the healthcare industry. The patented technology has the ability to survive and operate over a very wide temperature range and to survive large doses of gamma irradiation. This allows the chips to be placed directly onto medical devices or consumables, such as surgical instruments, blood tubes, vials and tissue cassettes, and to withstand high-temperature and irradiation



Global Semiconductor Pioneer

sterilization processes, plastic moulding and freezing (including cryogenic storage). Electronic RFID chips are usually destroyed by these processes. This combination of customer benefits is not attainable with existing bar code and RFID technologies.

The company is targeting the global orthopaedic, biologics and pharmaceutical industries.

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News

AUSTRALIANS RECOGNIZED AS LEADERS IN GLOBAL ANGEL COMMUNITY



San Diego, 8/5/08 The Angel Capital Association and Angel Capital Education Foundation named ex-pat Australian Stephanie Hanbury-Brown – founder of Golden Seeds, a network of primarily women angel investors who identify and invest in women-led ventures – as the recipient of the 2008 Hans Severiens Award. The award recognizes one person each year for outstanding accomplishments in the advancement of angel investing.

Stephanie began her work as an angel investor after a 20 year career in financial services in Sydney, London and New York that included serving as head of European Futures and Options for J.P. Morgan in London, COO of Global Equities, head of International Private Banking and subsequently head of Private Equity e-commerce Investment in New York City. Stephanie left J.P. Morgan in early 2000. Growing up in Sydney, Stephanie has a Bachelor of Arts from the University of Sydney.

Since its inception in 2005, Golden Seeds has invested approximately USD6.7m in 18 companies. Stephanie also serves as chairperson of the board of Count Me In, a non-profit involved in online micro-lending for women entrepreneurs in the USA, and a source of inspiration and mentorship inspiring women to "Make Mine a Million Dollar Business." [www.goldenseeds.com]

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Angel Group Profile

BIOANGELS

BioAngels Inc is an association of business executives and entrepreneurs from a wide range of backgrounds, all of whom are interested in investing time as mentors and investing capital in promising early-stage Life Sciences companies. BioAngels Inc is incorporated under the Associations Incorporation Act 1985 of South Australia and operates as a not-for-profit association.

Established in 2002 by a group of founding members including John Ballard, Paul Flavel, Ron Langman and Oliver Mayo, the group has 16 active members. Most members are based in South Australia. BioAngels now encourages individuals who have an interest in Life Sciences but reside outside South Australia to join the group. Investment in early start up Life



Sciences companies requires an in-depth understanding of the Industry sector and all our members have first-hand experience of operating in this space.

The group meets on the second Wednesday of each month. Meetings are well attended and provide an interactive network where individuals can discuss and evaluate potential investment opportunities, as well as review the performance of investee companies. On average, BioAngels sees 60 potential investment opportunities each year of which 10 are presented to the group as an investment pitch. To date, BioAngels have invested around \$1.6m in 7 early-

stage companies.

BioAngels has appointed Dr Corinna Steeb as a part-time Executive Officer to support the activities of the group. BioAngels has secured funding to support this position for the next 4 years from the SA Government as well as from corporate sponsors. BioAngels interacts closely with the newly formed SA Business Angels and other Angel groups in Australia and abroad.

Information about BioAngels, its members, investments and activities can be found on their website. Membership enquiries can be made via the website, or contact the Executive Officer, Corinna Steeb.

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Angelsoft Data

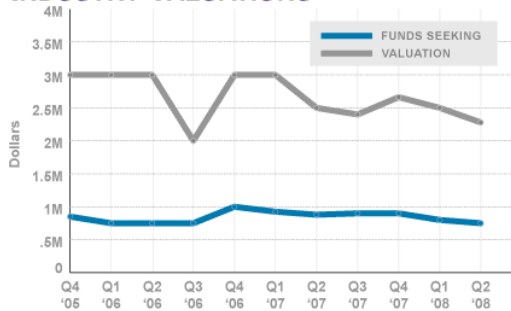
As the deal management tool to 397 angel groups and VCs around the world comprising 10,481 investors, Angelsoft processes over 1,800 funding applications a month. This offers a unique perspective on the early-stage ecosystem and what follows is a window into some of that activity. All amounts are in USD.

DEAL FUNNEL



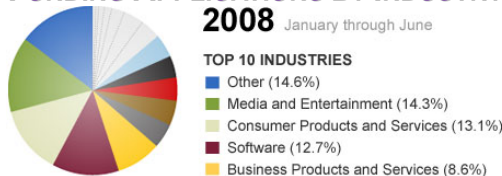
Only a small number of companies who apply get funded. This chart shows success through the different stages of the Angel Group process based on data from the most active groups.

INDUSTRY VALUATIONS



The chart (at left) shows the median pre-money valuation estimated by entrepreneurs for their companies and the median amount of funds being sought.

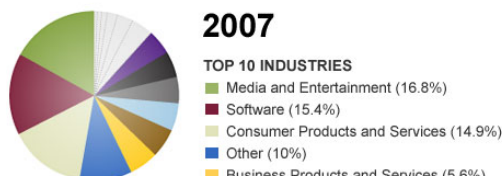
FUNDING APPLICATIONS BY INDUSTRY 2008



NICHE INDUSTRIES

- Healthcare Services (3.9%)
- Financial Services (3.8%)
- Telecommunications (2.5%)
- Electronics/Instrumentation (1.6%)
- Computers and Peripherals (1.1%)
- Semiconductors (0.5%)
- Networking and Equipment (0.5%)
- No Industry (0.1%)

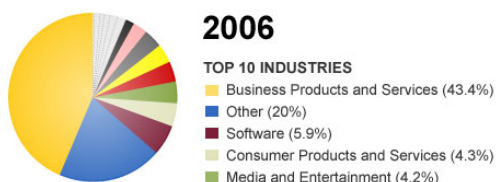
The information at left is based on the total number of funding applications processed through Angelsoft over the past 3 years. Industry is selected by entrepreneurs.



NICHE INDUSTRIES

- Retailing/Distribution (4.4%)
- Financial Services (2.9%)
- Telecommunications (1.9%)
- Electronics/Instrumentation (1.3%)
- Computers and Peripherals (0.6%)
- Networking and Equipment (0.6%)
- Semiconductors (0.2%)

To provide more specific information on the Australian angel sector the AAAI is pursuing national research initiatives. The AAAI is working towards quantifying angel investment activity in Australia for the benefit of its members and the community at large.



NICHE INDUSTRIES

- Financial Services (1.5%)
- Biotechnology (1.4%)
- Networking and Equipment (1.1%)
- Industrial/Energy (1.1%)
- Healthcare Services (1.1%)
- Telecommunications (0.3%)

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Special Offers**ANTHILL SUBSCRIPTION**

Angel members get a discount subscription to the Australian Anthill. Ask your angel group administrator to arrange your subscription (he/she will need your name, postal address and credit card details).

Stop Press

The deadline for the report on the National Innovation System extended. Report now due in September.

Extension due to breadth of task and overwhelming response. Does not alter Government's intention to issue White Paper before Christmas.

[www.innovation.gov.au]

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Events**AUSTRALIA**

AAAI National Angel Conference
 February 18-20 2009 Brisbane

Melbourne Angels Meeting
 August 27th 4-6pm Melbourne

Capital Angels Meeting
 September 3rd 6pm Canberra

Brisbane Angels Lunch Series
 September 10th Midday Brisbane

BioAngels Meeting
 August 13th 5:30pm Adelaide
 September 10th 5:30pm Adelaide

Angels Institute
 2008 Australian Business Angel Awards
 September 2008 Queensland

Biotechnology Executives Investment
 Summit 2008
 10-11 September 2008 GoldCoast
www.ausbiotech.org/events

INTERNATIONAL

2008 National Canadian Angel Summit
 16-17 October 2008 Halifax, Nova Scotia

EBAN 9th Annual Congress
 27-28 April 2009 Madrid, Spain

Case Study**OPTII SOLUTIONS PTY LTD**

Five members of Brisbane Angels and three solo angels co-invested with TeQstart in a series B round of \$860,000.

Optii Solutions (formerly Slap Systems) is a developer and provider of software solutions for pre and post stay marketing and for housekeeping to help hotels streamline their day to day operations and improve their revenue streams.

The founder, Mr Soenke Weiss, operating from the spare bedroom of his house, developed Optii Solutions Mail in 2001, an innovative hotel database marketing software system. The company required assistance to raise capital and to commercialise the product suite.

Optii progressed through the world best practice methodology of the Queensland Capital Raising Pipeline integrated programs over 4 years. State and federal programs combined seamlessly to help Optii develop a business model, become investor ready and to raise \$1,060,000 in private capital plus access government grants and mentoring.

- In 2003 Mr Weiss was counselled and mentored by the Mentoring for Growth program.
- He was assisted with his business model and advised to enter the i.lab incubator at Toowong which he did in 2004.
- Optii was nurtured and mentored for 3½ years at i.lab during which time the company achieved:
 - ISUS innovation grant
 - Finals of the University of Queensland Business School Enterprize Competition. Delivered 3 investor approaches including the Pioneer Development Fund, a specialist early-stage VC.
 - 1st round funding of \$200,000 from Pioneer.
 - First sales achieved.



- COMET grant from AusIndustry
- 2nd round funding of \$860,000 including \$110,000 from Brisbane Angels and \$250,000 from the TeQstart Co-Investment fund.
- Optii opened independent office in Holland Park in 2007.
- Optii awarded Commercial Ready Plus grant.
- Doubled sales with clients throughout Australia and Fiji including Accor and Marriott
- Doubled staff to 4 F/T
- The latest product, Optii Solutions Keeper (housekeeping) has interest from global top 5 hotel chains at CEO level (Europe, Middle East, USA and Europe). Keeper went live with The Intercontinental Group in Sydney 23rd July 2008.
- Optii Solutions has partnered with another i.lab company, Grabba International (www.grabba.com) to provide RFID technology.
- In 2008 Optii is preparing to export to the USA, EU, Middle East and Asia.

Optii is finalising a deal with Peppers Resorts for the Messenger product. Current customers include Marriott, Sheraton and Orient Express Hotels.

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