

# Goal of 100 companies to receive equity funding in the 2011-12 financial year

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The Australian Small Scale Offerings Board (ASSOB), Australia's unique capital raising platform for equity raisings for smaller companies, has set itself the target of helping 100 companies to raise up to \$100 million in the 2011-12 financial year. Conceived more than 20 years ago as an innovative mechanism for companies to raise equity capital, ASSOB has begun to accelerate its growth of new capital raisings in the past five years, having helped more than 200 companies to obtain in excess of \$130 million in new equity capital during that time. The CEO of ASSOB, Paul Niederer, commented that the GFC had exacerbated the difficulties that small companies faced in obtaining finance from traditional sources. "Unless you had an asset such as a house with which to anchor your loan, the banks were simply not interested in making non-asset based lending to smaller businesses. In effect, if business owners did not have a physical asset as collateral for a loan, they have generally found banks to be pretty unsympathetic to their financing needs." Mr Niederer said that ASSOB's experience in dealing with younger and faster-growing companies was that "typically they are unable to access the conventional financial system unless they are prepared to pay usurious interest rates for generally only short-term funding."

He said that the venture capital industry in Australia was not actively involved in the start-up arena with little evidence that they were willing to take any risks with smaller, younger companies.

Mr Niederer said that ASSOB is now attracting growing interest both from investors who are increasingly keen to access high potential, innovative companies and from entrepreneurs who are recognising that obtaining equity capital gives them a firm basis to grow their businesses and to later approach debt financiers for supplementary finance.

He said that young, start-up and high growth companies in many sectors were turning to ASSOB including internet /IT businesses, green tech and clean tech as well as new media businesses. ASSOB is now organising a series of capital raising forums throughout Australia at which entrepreneurs will have the opportunity to evaluate ASSOB's capacity to raise capital for their businesses. Mr Niederer said that typically it takes around three to six months for companies to go through the process of raising equity capital with up to \$800,000 being "a fairly common amount of funds raised in the first two stages of what is a very structured and well-tried method of attracting investors. Some companies have raised up to \$5 million through ASSOB, and a number of them have then gone on to list on the ASX or the AIM market in the UK."

Mr Niederer said that ASSOB, which is listed on the National Stock Exchange (NSX), believed it had an increasingly vital role to play in financing the growth of innovative companies in Australia. "If you exclude the mining sector, the reality is that future employment growth in Australia will depend on small businesses in this country, and the major constraint on them is finance to grow their businesses. This is where ASSOB can play a creative role in assisting these companies to realise their potential."

ASSOB's capital raising forums will be held in Melbourne on Thursday afternoon, May 19; in Sydney on Wednesday, May 25; Brisbane June 22nd, Adelaide 5th&6th of July and Perth 6th&7th of July.

For more details, visit ASSOB at [www.assob.com.au](http://www.assob.com.au) tel 1300 722 954. Paul Niederer can be contacted on 0411 968 362 ABOUT the Australian Small Scale Offerings Board The Australian Small Scale Offerings Board (ASSOB) utilises many of the techniques of traditional stock-exchange listed companies to facilitate capital raisings between \$250K and \$5M, but does so pursuant to the prescriptive requirements outlined by the Australian Securities and Investment Commission (ASIC) and the Corporations Act.

By following ASSOB's methodology, processes and approach, companies promoted through the ASSOB Platform are taken through the normally complex and frustrating process of capital raising with efficiency and effectiveness. These companies are also guided in the added responsibilities that come with being a public company, particularly with regard to greater transparency of their activities, enhanced corporate governance standards and the need to comply with the ASSOB Rules.

## Contacts

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