



IVCA News Update

On behalf of The Council of the IVCA let me welcome you to our winter news briefing for our members and those interested in venture capital in Ireland. The IVCA, established in 1985, represents members who professionally manage over 95% of the €1 billion invested by venture capital funds in Ireland.

During 2000-2005, IVCA members have invested €1 billion in Irish knowledge-based enterprises, which in turn has leveraged in at least another €1 billion of matching funding. This is a significant indicator of the continuing strength of the Irish economy. 2005 is turning out to be a good year for our industry. Confidence returned to the market in 2003, and in 2004, €37 billion was invested by members of the European Venture Capital Association.

The IVCA Annual Dinner held on 13th October at Jury's Hotel, Dublin was a great success with the highest number ever (over 500) attending.

Frank Ryan, Chief Executive of Enterprise Ireland was the keynote speaker. Mr. Ryan gave a very comprehensive overview of Enterprise Ireland's response to the Enterprise Strategy Group's Action Plan and gave four predictions for the future of the Irish economy:

- Over the next ten years the growth of the Irish economy will be primarily driven by the indigenous sector;
- Irish companies will only produce value added products and services Innovation and R&D will be as common place as the Finance Department is today;
- Manufacturing activity will continue to be a significant part of Ireland's economic engine;
- VC funds under management in Ireland will increase from €1 Billion today upto €4 Billion by 2010.

Nick Koumarios, Chairman of Soft-ex Ltd and Dome Telecom Ltd. was the after dinner speaker and gave his own amusing and witty take on the Irish VC industry and its personalities. Mr. John McInerney was presented with a lifetime honorary membership of the Association in recognition of his valuable contribution and sterling work over the years.

In 2005, IVCA commissioned the UCD Michael Smurfit School of Business, Professor Frank Roche (Professor of Entrepreneurship at UCD) and his research group led by Vincent Sheehan, to carry out a study to measure the impact of Venture Capital on the Irish economy. The IVCA members co-operated 100%, providing investment details in confidence, making this study unique and we thank you all for your willingness to participate. Prof. Roche presented the preliminary findings of the study at the IVCA Annual Dinner. It is our intention to bring the full results of this study into the public arena as soon as practically possible in co-operation with InterTradeIreland. A members briefing will be held. In brief the study showed:

216 VC backed firms generated €1.6 billion revenue, employing 14,500 people, an employment level increase of 15% year on year;
that VC companies have higher rates of employment growth, revenue and contribute more to exports than non-VC backed companies.

The IVCA, now in its 20th year, released its latest version of A Guide to Venture Capital, (in association with InterTradeIreland's EquityNetwork) outlining useful information and contact details for members of the IVCA.

Best wishes for 2006.

Desmond Fahey
Chairman of the Irish Venture Capital Association



Desmond Fahey Chairman IVCA, Professor Frank Roche, Regina Breheny Director-General IVCA, Frank Ryan, CEO Enterprise Ireland, Nick Koumarios, Chairman Softex.

Barry Fitzsimons, Chairman EquityNetwork, Vice-Chair InterTradeIreland, Fergal McCann, EquityNetwork, Desmond Fahey Chairman IVCA, Gary Stokes, EquityNetwork, Frank Ryan, CEO Enterprise Ireland.

Mark Ryan Whitney Moore & Keller, Therese Rochford, Whitney Moore & Keller, Gerry Jones EVP.

Desmond Fahey Chairman IVCA, Regina Breheny Director-General IVCA John McInerney Honorary Member IVCA

IVCA Council

Desmond Fahey (*Chairman*)
Niall Carroll (*Vice-Chairman*)
Michael Donnelly (*Secretary*)
Joe Concannon
Shay Garvey
David Gavagan
Michael Murphy
Conor O'Connor
Karl Schutte

IVCA welcomes new Members

We are pleased to welcome 3 new Associate Members to the Irish Venture Capital Association.

- **BCM Hanby Wallace**
- **Investec**
- **Ulster Bank Corporate Banking**

CONTACT INFORMATION:

Regina Breheny, Director-General
Mobile: 087 051 7754, Email: reginabreheny@ivca.ie

Ciara Burrowes, Administrator,
IVCA, 3 Rectory Slopes, Bray, Co. Wicklow, Ireland.

Tel: 01 276 4647, Fax: 01 274 5915, Email: secretary@ivca.ie, Website: www.ivca.ie



IVCA Seminar – “Directors Duties and Restriction of Directors”

The Association held a seminar on 4th May on Directors Duties and Restriction of Directors in collaboration with McCann FitzGerald. The topic was selected by the IVCA as it is of interest to all members and to directors nominated to investee companies by members. Over 65 people attended the seminar, which was facilitated by Enterprise Ireland at Merrion Hall.

Emma Crowley and Ben Gaffikin of McCann FitzGerald outlined the common law and statutory duties of directors, and detailed the current legal position on restriction of directors. They set out the implications of Section 150 of the Companies Act 1990, the consequences of restriction, the reliefs available, and the powers of the Director of Corporate Enforcement. A key defence to a restriction application is that the director has acted “honestly and responsibly” in relation to the conduct of the company’s affairs. Most of the case law has focussed on the interpretation of the meaning of “acting responsibly”. Emma Crowley detailed the relevant case law and summarised the lessons to be learned and recommendations for good practice that could be derived from it.

George Maloney, a restructuring and insolvency practitioner with Baker Tilly O’ Hare, shared his practical experience as a liquidator

and gave an overview of the investigation procedures followed and the time scales that liquidators must work to in relation to filing reports to the Director of Corporate Enforcement. He outlined the implications of insolvency for directors and highlighted other legislation that has implications for directors such as the Waste Management Acts, Transfer of Undertakings Regulations, Pensions legislation, and the requirement to retain books and records.

Niall Carroll of ACT Venture Capital and John Barry of Coyle Hamilton Willis were panelists and gave venture capital and insurance perspectives to the seminar.

The presenters and panelists concluded that compliance must be adequately resourced, that perhaps fewer director appointments with deeper involvement with companies should be considered, and that life-long learning is essential if directors are to keep up to date. The benefits would be lower risk, enhanced business growth, and less attention from regulators for those companies with clean compliance records.

Thanks to McCann FitzGerald and Baker Tilly O’ Hare for the documentation provided to the seminar participants.

Regina Breheny Director-General of IVCA

Regina took up her post as Director General of the Association in June of this year.

She is an investment specialist, currently involved in the management of the investment portfolio owned by the Irish Government arising out of the State’s financial support for industrial and technological development.

Her early career included institutional fund management at AIB Bank and Eagle Star Insurance Group, and stockbroking at Anglo Irish Bank.

More recently she has carried on a national and international practice as a Financial Consultant. Her extensive international experience, gained in Russia and Eastern Europe, has ranged from designing and implementing stock exchange activities, to training in investment and modern portfolio theory and to providing banking, capital markets and corporate finance expertise to the banking industry.

She is a fellow of the Institute of Chartered Accountants and a member of the Institutes of Taxation and of Investment Management and Research.



IVCA Golf Outing 2005

This years IVCA Annual Golf Outing took place at The Powerscourt Golf Club, Enniskerry, Co. Wicklow last May and the results were as follows;

1st prize	Bank of Ireland Venture Capital
2nd Prize	Merrion Corporate Finance
3rd Prize	Enterprise Equity (Irl) Limited
Longest Drive	David Hasson
Nearest the Pin	Barry Daish

The 2006 IVCA Annual Golf Outing will take place once again at The Powerscourt Golf Club, Enniskerry, Co. Wicklow on Thursday 11th May 2006 on the West Course this time and we are sure it will once again be a great day and evening!

IVCA New Council Member Joe Concannon

Joe Concannon is an Investment Director with Bank of Scotland, Ireland Limited. He has over 16 years experience in the healthcare and software industries. He was previously with Enterprise Ireland where he was involved in funding activities related to the software and healthcare sectors. Joe has also held management positions with Proctor & Gamble. He is currently a Director of the following Irish technology companies: Havok, Two-Ten Health and HomeNet Communications. Joe holds a degree in Chemical Engineering from UCD and an MBA from Trinity College.



Enterprise Ireland/IVCA holds 110 meetings in 1.5 hours!

Throughout 2005 the IVCA and Enterprise Ireland HPSU team organised several Investor Matching events. Each one comprised of 11 HPSU client companies seeking first time investment with representatives from 10 active IVCA Member companies. The format of these events were based on the ‘speed dating’ concept - a matching of HPSU companies with VCs. Each company had 5 minutes to outline the business proposal / value proposition to each VC. At the end of each of the hour and half long sessions, 110 Company / VC meetings had taken place. Enterprise Ireland will follow up with all VC companies and co-ordinate the feedback and enquiries for the client companies.

The IVCA would like to thank Enterprise Ireland for their co-operation and the facilities they provided for these meetings throughout 2005.