

ResMed



Investment Stage	Management Buy-Out
Money In	\$1.1 million
IRR on equity	98%

Company Description ResMed Inc ('ResMed') was established in 1989 as a Management Buy-Out of an R&D project from the Baxter Centre for Medical Research. The MBO was lead by Dr Peter Farrell as founding Director and CEO. Nine former employees of Baxter also participated in the MBO.

ResMed develops devices to treat a type of sleep disordered breathing known as Obstructive Sleep Apnea ('OSA'). OSA results from a temporary closing of the airway whilst sleeping and is most prevalent in middle aged, obese males. ResMed devices provide Continuous Positive Airway Pressure ('CPAP'), thereby keeping the airway open. Those who suffer from OSA suffer potentially hundreds of cycles of loud snoring followed by silence every night, leading to increased risk of hypertension, stroke, impotence, cognitive deficiency and reduced life expectancy. It is estimated that as many as 10% of the population suffers from some form of sleep disordered breathing. ResMed has developed technological leadership in the sector and now sells directly and through distributors in over 65 countries and has achieved a market share of approximately 25%.

Deal Description The Australian office of JAFCO invested A\$1.1 million in ResMed in December 1993 on an A\$18.4 million pre-money valuation. The investment was made to provide additional working capital for the company and to provide contacts in key Asian markets. In June 1995, ResMed became the first Australian company to achieve a primary listing on NASDAQ.

JAFCO had completely exited the investment in ResMed by August 1998 and achieved a 98% internal rate of return. At 12 November 2003, ResMed was capitalised on the New York Stock Exchange at US\$1.1 billion. Revenue in the year to 30 June, 2002 totalled US\$204.1 million and Net Profit After Tax totalled US\$37.5 million, an increase of 32% and 222% respectively over the prior year, compared to approximately US\$2 million in revenue at the time of the initial investment by JAFCO Investment (Asia Pacific) Ltd ('JAFCO').

Manager Description Mr John Dyson, who together with Dr Michael Panaccio grew JAFCO's Australian portfolio to approximately \$95 million invested in 24 companies, established the Australian office of JAFCO.

In July 2001, Mr Dyson and Dr Panaccio established Starfish Ventures, as an independent Australian based Venture Capital Manager. Starfish Ventures then entered into a management agreement with JAFCO to manage JAFCO's existing portfolio in Australia.

Starfish Ventures is targeting investments in early to middle stage companies in a range of high growth industries, predominantly in Information Technology & Communications and Life Science. Starfish Ventures manage a Federal Government sponsored \$24 million Pre-Seed Fund and are in the process of raising a \$100 million Technology Fund.