

GROW WELLINGTON ANNUAL REPORT 2009/10

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Chairman's Message

The Wellington Regional Strategy developed in 2007 gives us an ambitious vision for making greater Wellington 'internationally competitive'. Grow Wellington was set up to help deliver this strategy by investing in growing our economy, especially our exports, to create a region that's strong, vibrant, and enjoyed by everyone who lives, works and visits here.

Clearly the current global economic conditions have had an impact on the region, and while Grow Wellington is proud of its achievements there has been a need to review some projects due to the economic environment.

We believe building capability is how we can best grow the economic fabric of our region. That's why we have invested in two tailored programmes to help entrepreneurs commercialise their ideas. Our 'Activate' programme is an intensive four month course that helps entrepreneurs' kick-start their business ideas into reality. Businesses which have been through the programme are already achieving a combined total of \$3 million per annum business revenue. This figure will continue to rise as more companies graduate and expand their markets. For example, among the 104 companies to have completed the Activate programme are Ellen G and Womama - between them, they're now exporting to almost every continent around the globe.

Creative HQ is the regional incubation programme supporting those at the next stage of the journey. In 2009-2010, the net economic benefit from Creative HQ's 23 alumni companies was \$62 million and now totals \$147 million over the last three years. The average growth rate of these companies averaged over 45% last year. It's exciting to watch them go from strength to strength and, like Optimal Usability who took the 2010 Supporting Gold title, pick up a string of major business awards in the process.

In 2010 Grow Wellington launched a ground breaking initiative for manufacturing. The Optimising Manufacturing Scheme aims at boosting the capability of the Wellington region's manufacturing sector by placing graduates into businesses to drive process improvement and innovation. The implementation of the scheme was impacted by business confidence, however, it is on track to grow the business profitability of participating companies by a combined total of \$4 million in the next two years.

In 2009/10 our Business Growth team assisted over 200 companies to access funding for research and development projects. This has generated \$20m per annum business revenue. Our Annual Report includes a case study of Intergrid, an inspiring example of a business that Grow Wellington has helped connect with people, tools and knowledge to realise its huge potential.

Because we believe a long term goal is needed for sustainable growth, Grow Wellington has also focused its attention on three specific sectors we believe have the potential to radically transform our regional economy over the next ten to twenty years. These sectors are biomedical and life sciences; clean technology; and screen and digital film technologies. Our role is to bring together the constellation of individual business, tertiary education, research institutes, investment, infrastructure and central and local government to develop and commercialise leading edge technologies.

The Health Education and Research Commercialisation collaborative (HERC) in Newtown, is a groundbreaking venture that will bring together internationally recognised educators and researchers - leaders in their fields - and to give them access to the support and advice they need for commercialising their ideas. The HERC will incubate new discoveries, methods and technologies, generating health companies which can target, amongst other things, a share of the global clinical trial contract research market currently estimated at US\$80 billion. Seven companies have already committed to be part of the HERC.

The Clean Technology Centre of Excellence will be located at Otaki and will focus on technologies and services which reduce environmental impact and increase resource performance, efficiency and effectiveness. Grow Wellington has been a leading player in facilitating this cleantech 'hub' – a role that was recently endorsed in Unlimited Magazine's Editorial which stated that, '*Grow Wellington has shown enormous foresight by developing a cleantech Centre of Excellence*'.

Grow Wellington's ongoing activities to support the region's screen and digital sector are currently undergoing a strategic review. This will ensure that the projects we focus on will deliver optimal results for a dynamic sector of the Wellington regional economy that is at the cutting edge of global technology.

Grow Wellington has recognised the need to continually push the boundaries and support ideas that are clever and smart and enhance our competitive advantage. To boost innovation in the region, Grow Wellington launched the Bright Ideas Challenge in March. This programme replaced our Accelerate programme as it was identified that initiatives like this, which saw more than 1200 ideas submitted, is proof people want support and advice on how to take ideas to the next level. Our job is to open the doors to connect problems with solutions.

Three members of our Board retired in 2009/10. Luong Pham, Murray Bain and Brent Albiston have made significant contributions to the work of Grow Wellington. Murray Bain has been Chair of the Audit, Finance and Risk Committee since its inception. I would like to thank my Board colleagues and Grow Wellington staff for their commitment and success in ensuring the Wellington region remains a bright place on the edge of the planet.

Chief Executive's Overview

Connecting, inspiring and facilitating high growth, export orientated businesses has continued to be Grow Wellington's focus in our third year of operation.

The compact nature of our region means that networks are established quickly and there is a culture of innovation flourishing in Wellington. Our commitment to fostering this innovation is reflected in our activity over the year. In March we launched the Bright Ideas Challenge. The Challenge is not about winning money. In business often the most valuable thing you have is connections to experts, markets, mentors and support to commercialise your idea. The Challenge will help create those connections. Wellington has lived up to its reputation as a bright spot of innovation - we knew there were great ideas out there, but we've been overwhelmed by the quality and quantity of them. Over twelve hundred bright business ideas have been received. Every idea submitted will get feedback, some of them from among the brightest minds from science, business and academia who will offer advice and mentoring to those whose ideas have commercialisation potential.

Grow Wellington has identified three sectors in the region that promise global earnings for their world class talent and transformational growth. We are creating Centres of Excellence for each of these - Biotechnology and Life Sciences, Clean Technology and Screen and Digital Technology. As an example of how Grow Wellington is facilitating clean technology, we're working with Kapiti Coast District Council to support SpectioNZ to pilot their leading edge waste to energy system at the Paraparaumu Water Treatment Plant. SpectioNZ's new system will bring benefits, not only in waste management, but also in the longer term by attracting other business and research interests to the region.

Grow Wellington is involved in another initiative which will have major economic benefits for the region. As part of a Regional Leadership Group we're assisting the development of a storage based irrigation scheme to future proof the productive capacity of the Wairarapa valley. This raises exciting possibilities not only for future diverse land uses and social enhancement in the Wairarapa community, but for downstream industries in the wider Wellington region and ultimately, for the regional economy as a whole.

Manufacturing is another sector Grow Wellington has identified as a priority for economic development. Through the Optimising Manufacturing programme, companies can employ graduates to identify opportunities for increasing productivity. The first three participating companies are already seeing a difference. Ronnie Ryan, Standards and Logistics Manager of RPS Switchgear recently gave this endorsement - *"The Optimising Manufacturing programme has been great.... we have reduced our inventory and operating expenses and are working in a more innovative way."* We've been pleased to have received similar endorsements from GROENZ and Windsor Engineering. The Optimising Manufacturing programme is an initiative that has seen Grow Wellington working with the Ministry of Social Development, the Engineering and Manufacturers Association, TechNZ and WelTec - highlighting how innovation can happen when there is a genuine spirit of collaboration and partnership. The implementation was delayed by the economic recession however the results have been very positive.

In the education sector, our emphasis remains on attracting international students to the region, particularly from Vietnam where New Zealand enjoys a positive reputation and where some of the education institutions in our region already have a presence. Grow Wellington has also begun working to facilitate the development of export education products. One of these is helping to progress a lucrative business opportunity with Korea. Thirty primary schools across the Wellington region are now signed on to use their teachers to deliver real time English conversation lessons into Korean after - school programmes.

Wellington on a Plate was developed as a joint initiative between Grow Wellington and Positively Wellington Tourism in 2009 to raise awareness of the Wellington region's food industry, and to affirm Wellington's position as the Cuisine Capital of New Zealand. Testimony to the success of the Festival is that it will be held again in 2010 with double the number of events and twice as many participants. Wellington on a Plate combines local economic activity and ongoing development of a food sector that has the potential to generate significant export revenue.

Grow Wellington continued to promote the Wellington region as a film friendly location and pave the way for local and international screen production. Official figures released in May 2010 highlighted significant growth in the Wellington region's screen production industry, with revenue up 51% on the previous year. These results confirm our decision to focus on the Screen and Digital Sector as one of our Centres of Excellence. By doing so we're helping ensure Wellington has the capability, connections and support to enable the industry to keep growing internationally.

Creative HQ, Grow Wellington's business incubator, works with its resident businesses to test their ideas and build a strong value proposition for big markets; build a strategy and plan for business growth; build the foundations that will support high growth; and assist with accessing resources for expanding internationally into new markets. CHQ has 18 exciting companies in residence. The potential of these and alumni companies has been recognised not only by us, but also by others - evidenced by the recent high profile business awards they're picking up. In the 2010 Wellington Gold Awards, alumni Optimal Usability won the Supporting Gold Section, Gecko Press won Creative Gold and Dash Tickets was an Emerging Gold finalist. The latter award was hot on the heels of the company's win at Launchpad 2010, a competition to find the best Start Up in the IT industry. Another Creative HQ company Fun2Bfit was a finalist in this competition.

The Activate programme, initially piloted by Grow Wellington in 2008 and in its second year of operation, has continued throughout 2009/10. It continues to attract a high number of companies which have significant growth potential, and alumni businesses are trading in Australasia and the Pacific, Europe, Asia and the Americas.

Our focus at Grow Wellington is clear – we're here to inspire the high growth export oriented businesses that will be the driving force for economic growth in our region. The services we provide across a range of programmes are designed to reflect this fundamental role and support these inspirational and world changing businesses.

Report on Programme Outcomes

Performance against WRS

| A Sustainable Economic Growth Strategy for our Region | | | |
|---|---|---|--|
| Investment in Growing our Economy, Especially our Exports | | | |
| DEVELOPING BUSINESSES, PRODUCTS & SERVICES | SELLING & MARKETING OVERSEAS | GETTING OUR PRODUCTS TO INTERNATIONAL MARKETS | KEY BUSINESS GROWTH INPUTS |
| <p>Grow & retain existing business</p> <ul style="list-style-type: none"> • Priority Sectors: primary, manufacturing, food & beverage, education, film • Business Growth Programmes | <p>Provide market access support</p> <ul style="list-style-type: none"> • New internet gateway telling The Wellington Story • Education Wellington strategy | <p>Bring long haul flights to Wellington</p> <ul style="list-style-type: none"> • Partnership with Wellington International Airport | <p>Attract investment</p> <ul style="list-style-type: none"> • TechNZ • Angel HQ |
| <p>Grow Centres of Excellence</p> <ul style="list-style-type: none"> • Biotechnology & Life Sciences • Sustainable & Renewable Energy • Screen & Digital Technologies | <p>Tell Wellington region's story internationally</p> <ul style="list-style-type: none"> • WellingtonNZ.com - www.live.wellingtonnz.com - www.work.wellingtonnz.com | <p>Adding value to the region's port</p> <ul style="list-style-type: none"> • Partnership with Centreport | <p>Education</p> <ul style="list-style-type: none"> • Activate programme • Creative HQ |
| <p>Attract high value individuals to the region</p> <ul style="list-style-type: none"> • Angel HQ | <p>A regional portal</p> <ul style="list-style-type: none"> • WellingtonNZ.com | <p>Grow broadband</p> <ul style="list-style-type: none"> • Member of the Broadband Operational Group | <p>Increase labour market participation</p> <ul style="list-style-type: none"> • Member of Wellington Labour Market Governance Group |
| <p>Strengthen & consolidate the business incubator network</p> <ul style="list-style-type: none"> • Pre incubation: Activate • Incubation: Creative HQ | <p>Further development of regional approach to tourism</p> <ul style="list-style-type: none"> • Partnership with PWT on regional portal | | <p>Increasing labour market productivity</p> <ul style="list-style-type: none"> • Business Growth Programmes |
| <p>Establish a business innovation & advancement academy</p> <ul style="list-style-type: none"> • Bright Ideas Challenge | | | <p>Attract & retain talented people</p> <ul style="list-style-type: none"> • 'Live' and 'Work' Websites |
| <p>Attract export businesses</p> <ul style="list-style-type: none"> • Business Growth Programmes | | | <p>Grow the regional skills base</p> <ul style="list-style-type: none"> • Internships - Optimising Manufacturing Programme - Summer of Code (renamed Summer of Tech) |
| <p>Realise primary production potential</p> <ul style="list-style-type: none"> • Regional Leadership Group for irrigation in Waitarapa Valley • Work with MAF & forestry industry on wood processing options | | | |

Centres of Excellence

The Wellington region has three specialist fields of work renowned for their cutting edge innovation. Grow Wellington is leading the development of these into world class Centres of Excellence.

Clean Technology

Grow Wellington is involved in several projects:

- A Clean Technology centre to be located in Otaki. Grow Wellington is a leading player in this initiative and is currently securing facilities and residents prior to launching in mid to late 2010
- A demonstration site for distributor generation has been established at Matiu Somes Island to showcase regional technology ready for export to India
- Export pathways for clean transport technology are being developed to encourage new business development
- Grow Wellington has established a regional waste to energy pilot plant in Kapiti

Two clean technology companies – SpectioNZ and Wetox - are being incubated by Grow Wellington's business incubator, Creative HQ.

Biotechnology and Life Sciences

Grow Wellington has been working closely with Capital Coast District Health Board (CCDHB) in supporting the establishment of a Health, Education Research and Commercialisation collaborative (HERC) - an internationally unique platform for commercialisation. CCDHB has identified space, and alongside Victoria University and the Medical Research Institute, provided multi-million dollar capital and operating support. These three have agreed to be the founding partners for the HERC. The commercial opening is scheduled for November 2010.

Engagement with Gillies McIndoe Research Centre and Trust (based in Hutt City) and Wallaceville Research Centre, has facilitated an understanding of how the region's medical research activity can be commercialised, enabled and supported by the HERC. Taken together, this programme will ultimately enable full regional, national and international collaboration to realise the region's combined health education, research and commercialisation capability.

Screen and Digital Technologies

The screen and digital sector in Wellington has seen considerable revenue growth and continuing global recognition for its world-class creative talent. Statistics NZ's Screen Industry Survey regional data for 2009 reports that businesses in the Wellington region increased their overall revenue from \$352 million in 2008 to \$531 million in 2009. The increase was due principally to a rise in the production and post-production sector.

During the year, Grow Wellington's continuing involvement in the sector has included:

- **Strategy:** developing a 2020 strategic direction for initiatives
- **Infrastructure:** continued support and facilitation for the development of an orchestral scoring stage and recording facility; undertaking initial feasibility analysis for a digital innovation hub
- **Education:** implementing an international internship exchange programme between Hong Kong and Korean students and New Zealand by matching them with local digital content firms

- **Capability building:** enhancing the human capital in our screen and digital businesses by facilitating workshops with international mentors, as well via Grow Wellington's Activate and CreativeHQ's incubation programmes
- **International connectivity:** financial and administrative support for local conferences in the digital entertainment sector, such as AnimFX, which have proved to be the genesis for several international deals.

Some of the Screen and Digital programmes have delivered value however not at the scale anticipated. For this reason the strategic approach to the Screen and Digital Centre of Excellence has been reviewed in conjunction with industry stakeholders.

Ever wonder what happens to all the plastic we throw into our recycling bins? In most cases it gets taken offshore for recycling or buried in landfills, somewhat defeating our good intentions of sustainable living.

The Wellington region is keen to look at local solutions to deal with this problem of plastic waste, and has turned to clean tech company SpectioNZ to help it. Kapiti-based SpectioNZ has an ambitious plan to develop technology to turn harmful waste products, such as plastics and bio-mass, into usable products such as fuel for power generation.

SpectioNZ director, Mike Henare, says: "In 2003, 24,000 tonnes of plastic went into Wellington regional landfills. If you were able to capture all the stored energy from that plastic, you could generate sufficient power to meet the annual energy needs of 50,000 Wellington households".

Mr Henare says residents are "throwing energy away".

"As far as plastics are concerned, or organics such as something as unexpected as sewage sludge, the potential to generate energy is enormous. But not only energy, there are other by-products of the process which could in reality be of greater value."

SpectioNZ has joined Creative HQ as the first clean technology company to be incubated. It's their mission to create mobile, scalable, innovative technology which is sustainable for both users and the environment. This process is called pyrolysis which works by heating organic material in the absence of air. As the material heats up, its carbon backbone breaks down and is converted into gas and other useful by-products.

Waste to energy technology is not new. Internationally there are few in operation; however they require huge amounts of feedstock to be economic and are multimillion dollar facilities. "Our innovation is bringing together two well proven technologies but at a scale economic to New Zealand conditions," says Mike.

Kapiti and Wellington City Council are supporting SpectioNZ as is Geological and Nuclear Science, one of the region's leading Crown Research Agencies. Grow Wellington, through its Centre of Excellence programme, facilitated these partnerships.

"We are very keen to support local solutions for smarter ways of doing things," says Grow Wellington's Centre of Excellence Manager, Cleantech, Steven Finlay. "SpectioNZ now have the backing of strong partnerships and as a result, are leading the way in developing world changing waste to energy solutions. It is a model of a centre of excellence in practice.

"We are now engaging national and international stakeholders to share our vision of where this clean technology can go and to forge pathways to make it happen. It is part of what we do: connecting, inspiring and facilitating."

GNS Sciences has been commissioned to provide the next stage in the technology development by providing accurate temperature control and process logic controllers which are critical to being able to successfully build our first commercial model.

"We are exploring a number of options with local regional councils and other industry where waste to energy provides commercial benefits" says Mike.

Primary Sector

The 2009/10 year was focused on identifying the regional economic impact of a water use and irrigation project in the Wairarapa, and in facilitating community engagement in discussions about the project.

During the first part of the financial year, a high-level governance group was formed to oversee the development of a regional water use and irrigation project which has the ability to transform Wairarapa's future. The Leadership Group comprises the three Wairarapa District Council Mayors, the Chair's of the two iwi groups, an environmental/recreation group representative, Greater Wellington Regional Council, the Wairarapa Regional Irrigation Trust and Grow Wellington.

The purpose of the proposed scheme is to future proof the productive capacity of the Wairarapa valley land, and the subsequent economic and social return through water storage and irrigation opportunities. Preliminary studies have indicated great potential for irrigating land that currently does not have access to water for that purpose. This raises exciting possibilities for exploring future diverse land uses that could contribute to economic growth and consequential social enhancement in the Wairarapa community.

A priority agreed by the Leadership Group was to identify the economic impact to the region, and a report was commissioned from economic consultants Nimmo-Bell and BERL. This report shows significant benefits in terms of new jobs created and increased GDP – not just for Wairarapa but across the wider Wellington region.

Another priority was community engagement to get perspectives and ideas about water uses and values in Wairarapa, and to develop a viable and environmentally sustainable project. A series of presentations and meetings have been, and will continue to be held over coming months with a range of key interest groups to provide initial information and to hear their questions, issues and views.

Issues to be addressed by the group and community participants over the next 12 months include environmental viability, scheme options, capital funding for any proposed project, land ownership and process costs.

Watering the Wairarapa Valley

A new study of the economic effects of potentially irrigating 30,000 hectares of the Wairarapa valley has found there would be significant benefits to the Wairarapa community and the wider Wellington region.

The detailed study by economic consultants Nimmo-Bell and BERL has quantified the benefits of irrigation in Wairarapa and produced a cost benefit analysis of total community return on each dollar invested in irrigation. The study showed significant combined benefits of constructing a scheme and the resulting increased production. The proposed project would be economically viable at three levels – at the farm gate, in Wairarapa and in the wider Wellington region.

If 80 percent of land owners in the proposed 30,000-hectare area adopted irrigation in the first 25 years, GDP in the Wellington region would increase by \$526 million after project costs. An additional 8,879 full-time jobs would be created excluding jobs generated in the construction phase. When jobs created indirectly by the project were added, the number of new full-time jobs jumped to 14,000.

The construction of storage and irrigation infrastructure over a nine-year period would result in a \$135 million increase in the GDP of the wider Wellington region and 2,230 full time jobs. Under the 80 percent uptake assumption, primary sector regional GDP would increase by 11.5% annually.

By year 25 of the project, more than 1,000 jobs will be created and over \$21 million additional GDP generated each year.

The economic study was commissioned by the Wairarapa Water Use Project Leadership Group formed last September which includes representatives from local government, iwi and environmental groups, the Wairarapa Regional Irrigation Trust and Grow Wellington. Leadership Group Chair, Fran Wilde, said the study's findings were consistent with others done in New Zealand and there was no doubt the economic and employment benefits would be substantial.

"We now know that the economic spin-offs and new jobs from an irrigation project would be substantial," said Ms Wilde. "The challenge now is financing the next tranche of work which could theoretically take us to resource consent".

Manufacturing Sector

During 2009/10 Geoff Copps, Grow Wellington's Sector Manager, Manufacturing visited on average ten manufacturers around the region each month to discuss business growth opportunities and link them, as appropriate, with other businesses and/or business assistance programmes and initiatives.

Grow Wellington has developed the Optimising Manufacturing Programme to facilitate graduates into positions in manufacturing companies to address productivity and efficiency issues. The programme was launched at the end of 2009 with the employment of two graduates by Grow Wellington and their placement in February 2010 within Windsor Engineering (manufacturing engineering company in Grenada North) and Groenz (food manufacturer in Hutt City). A third graduate was subsequently employed and began work with RPS Switchgear (manufacturing engineering company in Hutt City).

The programme has been successful in securing support from TechNZ and Ministry of Social Development to allow a full programme of mentoring and professional development to be wrapped around the graduates. This will help ensure that the manufacturing companies that the graduates are placed with get the maximum benefit as they address production and process issues within their operation.

Six monthly intakes of three graduates are planned for the future, to achieve a total of fifteen graduates in placements at any one time. The programme was delayed due to the economic recession however the focus is on securing more company placements to expand the scheme and make positively impact on the region's economy.

Increasing productivity in Manufacturing

A ground-breaking graduate scheme aimed at boosting the capability of the Wellington region's manufacturing sector was launched in 2010. The Management Development Scheme, which is being run by Grow Wellington, places university graduates into manufacturing companies where they gain industry experience while the manufacturing companies gain a fresh set of eyes, an increase in innovative thinking and ultimately, an increase in profits.

Graduates, Jess Hughes, Emma Whiteside and Nick Maarhuis began working with RPS Switchgear, Windsor Engineering, and Groenz respectively at the beginning of 2010. After 3 months, the companies are already seeing the difference.

"The Management Development scheme has been great. Getting Jess Hughes on board to streamline work flow and instigate best practice policies made sense. In the process we have reduced our inventory and operating expenses and are working in a more innovative way" says Ronnie Ryan, **Standard and Logistics Manager** of RPS Switchgear.

"Sometimes it is the littlest things that have the biggest impact. Working with Emma Whiteside reminded us how important working on, as opposed to in, our business is," says Windsor Engineering CEO, Peter McKee. "We are relocating at the end of this year and are using this as the catalyst to look at all our processes to ensure that we are operating to the best of our ability. Having Emma as a resource to work with us on the project has been invaluable."

Bruce Hodges, Production Manager of Groenz which is hosting Nick Maarhuis, says, "Being part of the scheme helps me implement Lean concepts ahead of schedule and allows me to give something back to manufacturing in the form of mentoring".

According to Geoff Copps, Grow Wellington's Sector Manager –Manufacturing, companies are getting a smart resource for around the same price as a line worker. "Due to the support of the Foundation for Research, Science and Technology and MSD, the programme is very cost effective," he says.

Manufacturing products represent 63% of New Zealand's exports and are vital for our economic wellbeing. In the Wellington region 10% of the jobs are in the manufacturing sector.

"We consulted the sector and discovered that one of the main factors limiting growth is the low number of graduates entering the sector", Geoff says "By working with our partners, the Ministry of Social Development the Engineering and Manufacturers Association, TechNZ and WelTec, we have been able to help address this problem".

Education Sector

Export Education continues to be a major revenue earner for New Zealand, and the Wellington region. While Grow Wellington's primary focus in export education is on accelerating the growth in inbound international student numbers, it is also working on the development of exportable education products.

In November a new Education Wellington website was launched - a one stop shop for anyone looking for information on studying in the Wellington region. The site has different sections for students, agents and member institutions, a regularly updated blog section and a comprehensive directory of international education providers. Institutions are kept up to date about export education through relevant and timely information via regular e - newsletters.

Grow Wellington exhibited at ANZA in April, a destination-focused workshop providing a unique opportunity for Australian and New Zealand institutions to meet with pre-screened, high quality agents who are focused on sending students to region. At the workshop more than 30 scheduled meetings were held with agents representing 16 countries.

Following the ANZA workshop, Grow Wellington was pleased to host four agents in Wellington, introducing them to a range of local institutions. Grow Wellington has also been involved with a number of other inbound agent visits, and in March put in a successful funding bid to Air New Zealand and Education New Zealand for the hosting of four specialist agents from Hong Kong.

As part of its strategic focus on Vietnam, Grow Wellington introduced a competition for top Vietnamese agents in October. The competition was based on the number of successful student enrolments across all sectors over a twelve month period. Guy Pascoe, Grow Wellington's Manager, Education, travelled to Vietnam at the beginning of June in order to officially present the winners with certificates and formally invite them back to the region. At the same time Grow Wellington ran a full day agent training programme in Haiphong, and receptions for agents in Hanoi and Ho Chi Minh City. Thirteen institutions from across the region participated in these events, with more than 40 agents coming to each of the receptions.

In addition to the international student attraction programmes, Grow Wellington has begun working on the development of a number of export education products. Over the last six months it has been working with the Gyeonggi Provincial Office of Education in South Korea on creating a series of sister school relationships at the primary school level. As part of these relationships New Zealand teachers will be used to deliver real time English conversation lessons into Korean after school programmes using existing web technology. More than 30 Wellington primary schools have expressed interest in this exciting opportunity which will be piloted in late 2010.

Vietnam a target market for education growth strategy

Education is New Zealand's fifth largest export earner. At a regional level, international students play an important role in growing our regional economy. Grow Wellington has been working with education institutions to help them increase their international student numbers.

Vietnam has been identified by Grow Wellington as a priority market. Institutions from across the region have an interest in growing Vietnamese student numbers, and several of these institutions already have a presence in the market - for example, Victoria University has a campus in Ho Chi Minh City.

Experience has shown that the most effective way to reach potential students is through strong agent contacts. Because Wellington is not well known by Vietnamese agents, the focus has been on strengthening agent relationships, ensuring they are well equipped and confident to promote the Wellington region as an excellent place to study.

In 2009 Grow Wellington launched a competition for the best performing Vietnamese agents, with those agents who sent the most students to our region over a twelve month period invited to visit Wellington.

In June 2010, 13 institutions from the Wellington region – including universities, polytechnics, a language school and secondary schools – travelled to Vietnam for a series of student recruitment and agent based activities. Commenting on the trip, Deb Mills, Deputy Principal Newlands College said, *"I personally was incredibly supported; our region was highlighted as the most desirable place for a high quality education and as a destination second to none!"*

Vietnamese student numbers in the Wellington region are growing, and education institutions have been supportive of Grow Wellington's activities. According to Jason Matangi, Director Weltec International, *"The Grow Wellington Education group is an extremely collaborative and proactive body.... (It) has been innovative in its approach to international markets and has managed to build on its achievements year on year. The continued development of the Vietnam market is an enduring success story and the hope is to replicate this in other markets."*

Film Sector

Film Wellington continued to promote the Wellington region as a film friendly location and pave the way for local and international screen production.

This included arranging film permits and sourcing locations, services and facilities. Between July 2009 and June 2010 Film Wellington issued 307 film permits covering 677 regional locations and managed 599 national and international enquiries.

Filming support and facilitation was provided to many international documentary and travel productions including “Water Journal” BS-NTV (Japan), “This Is Our City” (Internet-based travel showcase), popular television show “Mysterious Discoveries of the World” highlighted on Travelix (potential audience 30 million) over three episodes, Around the World Productions for travelchannel.com and a Chinese production international TV programme “Day Day Up” which has a weekly world-wide audience of 300 million.

Many of these productions included coverage of the success of the Wellington film industry – with interviews given and arranged by Film Wellington - and were a great international showcase of the regional film story. In addition, the premiere of The Lovely Bones, the release of Avatar, and Weta Digital winning the best visual effects Oscar for Avatar, drew media attention to Wellington, enabling Film Wellington to contribute to many media stories and help promote the region as a screen production destination.

Film Wellington supported two prestigious entertainment industry conferences that were also very successful forums to tell the region's film story and connect local industry with international opportunities. One of these conferences was AnimfxNZ – an international forum putting regional businesses in touch with offshore opportunities in the gaming, animation and digital content industries; the other was the national Screen Production and Development Association conference.

Other opportunities for Film Wellington to promote the region as a screen production destination included attendance at DELF (Digital Entertainment Leadership Forum), Filmart (Hong Kong International Film & TV market), and the Locations Tradeshow in Los Angeles.

Following a visit to Filmart the previous year, Film Wellington hosted a reconnaissance trip by UK Director James Sweetbaum in August.

“I really can't thank you enough for today, it was a fantastic introduction to Wellington, and thank you for pulling together so many strands at the last minute, really enjoyed my day and it was great to get to Everest [Studio, Hutt City] as well. As for Park Road - I'm still speechless (which for me is a rare thing)...”

James Sweetbaum, Director

Film Wellington also helped attract and facilitate a weeklong visit by the Producer, Directors and senior film crew for a high profile Bollywood movie looking to shoot in January / February 2011. It is a Bollywood version of ‘The Italian Job’ and has A-list Bollywood stars and top Bollywood Director duo Abbas-Mustan (Abbas and Mustan Burmawalla).

“It was fantastic working with the team at Film Wellington. They were most co-operative and very, very professional. I don't think this film would be possible without their support. I look forward to working with them on many more projects. ”

Nirang Desai, Line Producer

Film Wellington continued to work closely with local authorities to ensure Council policies and processes are 'film friendly' so that the region remains attractive to film makers. Working collaboratively with Film New Zealand, joint submissions were made to both Hutt City Council and Greater Wellington Regional Council on plan changes that would affect the film industry.

A collaboration between Film New Zealand and the NZ Regional Film Offices (including Film Wellington) gained international success, scooping first prize in the AFCI Marketing & Booth Awards, for six print advertisements. This is a competition encouraging Film Commissions from around the world to enter one of their marketing and advertising campaigns.

Wellington's film friendly reputation continued to attract interest from TV Commercial producers including one produced by Kapiti-based Firstlight Productions for Suzuki. This commercial involved around 120 crew and extras using locations on Wellington's South Coast and in Queen Elizabeth Park in Kapiti.

Dramatic growth in Wellington screen production

Official figures released in May 2010 highlighted significant growth in the Wellington region's screen production industry. Statistics New Zealand's Screen Industry Survey Regional Data for 2008/09 showed a healthy 51% increase in Wellington screen production revenue - \$531 million up from \$352 million the previous year.

Feature films produced by Wellington businesses earned two-thirds of the national revenue for feature film production. In the Wellington region, revenue for this subsector grew by 70 percent to \$429 million. More than half of the national 996 businesses active in this subsector were based in the Wellington region.

The Survey also showed that businesses based in the Wellington region received \$244 million for post-production work in 2009 - 87% of this coming from digital animation work. In 2009, there were 327 businesses involved in digital animation in the Wellington region compared with 225 the previous year.

"Film Wellington is delighted by the survey results," says Delia Shanly, Manager, Film Wellington. "They show that the region's screen production industry has been performing extremely well, even in a tough economic climate. Last year was not an easy year for the industry globally and it's very pleasing that both in the Wellington region and nationally, the industry has continued to grow.

As well as achieving impressive growth, another important characteristic of our regional screen production industry is the high quality of work being done. Wellington showed itself to be at the cutting edge of international screen production developments in obvious projects such as "Avatar". We also have companies which are winning international awards, not only in feature films, but also in TV and interactive web based media. For example the success of Sticky Pictures' short film "Six Dollar Fifty Man", Production Shed's prize winning television series "Kaitangata Twitch" and the first New Zealand Emmy award KHF Media won for their digital drama *Reservoir Hill*.

Reservoir Hill is an interactive web-drama shot around the Wellington region, mostly in Porirua. Film Wellington worked with Porirua City Council to facilitate the fast daily turnaround for location permissions required and helped KHF Media promote the success of the show in their lead up to the Emmy Awards ceremony.

"Film Wellington was brilliant and made the challenging job we had filming Reservoir Hill a lot easier. Their 'can do' attitude gives us a competitive advantage over Auckland – they were always there for us both while the cameras were rolling, and afterwards, helped raise the profile when we were trying to take it to the world."

David Stubbs
Co-Producer/Director/Creator
"Reservoir Hill"

Nigel Kirkpatrick, CEO Grow Wellington said, "These results confirm our decision to focus on the Screen and Digital Sector as one of our Centres of Excellence. By doing so we are helping ensure Wellington has the capability, connections and support to enable the industry to keep growing internationally."

Food and Beverage Sector

Grow Wellington supports industry projects that develop export capability and reinforce the region's reputation as the Cuisine Capital of New Zealand.

Wellington on a Plate was launched on 12 August 2009 with 30 events and 43 restaurants participating in the Dine Wellington programme where lunchtime set menus, dinner deals and discounts were offered.

Wellington on a Plate has been developed as a joint initiative between Grow Wellington and Positively Wellington Tourism in order to raise awareness of the Wellington region's food industry, and to affirm Wellington's position as the Cuisine Capital of New Zealand. A dedicated website for the festival was established - www.WellingtononaPlate.com

Due to the success of Wellington on Plate 2009, Grow Wellington and Positively Wellington Tourism have co-funded the employment of a part time person solely dedicated to assisting with the co-ordination of Wellington on Plate 2010. In its second year, Wellington on a Plate will expand its focus to include more events and producers from throughout the region.

In order to ensure that all partners participating in Wellington on a Plate are aware of and are using as much local product as possible, Grow Wellington launched a regional food database of producers, suppliers and manufacturers. Currently there are 273 business registered on the database which can be viewed at www.WellingtonFood.co.nz. This database will also be very useful after Wellington on a Plate for food service professionals, consumers and investors alike to easily source Wellington regional food and beverage products.

Craft beer globally is experiencing rapid growth as beer drinkers look for more quality and flavour in their beverage of choice. New Zealand is also experiencing similar growth patterns; however the industry here is still in its infancy. In order to support our local craft beer brewers and having seen how successful this model was for the New Zealand wine industry, Grow Wellington along with the Brewers Guild of New Zealand initiated the New Zealand craft beer export cluster.

In May this year, the New Zealand craft beer industry launched into the Australian market as an eleven strong group at an international trade event. As a direct result of this activity, one Wellington company's beer is now available on tap at a premium venue in Melbourne, and another in Sydney.

Grow Wellington continued to work this year with wineries in the Wairarapa, in order to help maintain their premium margins and increase their export volume; and with UCOL in the establishment of a Le Cordon Bleu School of Cuisine under the Major Regional Initiative funding project.

Finally, Grow Wellington has been working with and helping to develop the Wellington regional Food and Beverage Sector for three years now and in order to ensure that the momentum already created continues and is in line with national initiatives and international trends; work has begun on a further 3 year export growth strategy for the sector.

Wellington on a Plate proves positive for Region's Restaurants and Producers

The inaugural food and beverage festival, Wellington on a Plate, which ran from 17-30 August, 2009, proved a boon for the region's restaurateurs and producers.

More than 40 cafes and restaurants signed up to take part in the festival's central event, Dine Wellington, which saw special lunch and dinner menus offered.

Mike Egan, owner of central city eateries Monsoon Poon, Arbitrageur, The Boulcott Street Bistro and Osteria del Toro, says he was "overwhelmed" with interest for the events at his Tory Street restaurant, Osteria del Toro. "I had expected about 200 people to sign up for the La Famiglia Sunday Italian Family-Style lunch even, but it was closer to 400! Instead of turning them away, we've decided to make it a weekly event."

Mr Egan said other events he staged – including an oyster and wine competition and a lamb and pinot noir tasting – had also generated unprecedented interest.

"Despite the recession, people are willing to spend money on events that are novel and different. Wellingtonians are also great foodies, which is reflected in the high level of interest in the first ever Wellington on a Plate."

His comments were echoed by chef Martin Bosley, whose waterside restaurant was "inundated" with bookings for the lunchtime Dine events. "It's normally pretty quiet in winter, but pre-bookings for the entire two weeks were fantastic and we saw some lunchtimes almost booked out," says Mr Bosley.

Wellington on Plate was jointly organised by Grow Wellington and Positively Tourism Wellington. They'll be collaborating again on the 2010 event which has doubled in size, with over 80 restaurants registered for the centrepiece event DINE Wellington, around 90 events spread throughout the greater Wellington region and approximately 35 businesses signed up for the new Burger Wellington competition.

Grow Wellington Chief Executive, Nigel Kirkpatrick, says the festival injects "substantial revenue" into the local food and beverage sector and provides a boost to its future export potential. "This festival is a way to combine local economic activity and ongoing development of a food sector that has the potential to generate significant export revenue."

Business Growth

The Business Growth team works with companies on an individual basis to connect them with the people, tools and knowledge they need to become high value, export oriented businesses. We are targeted in our approach, focusing on companies with the desire to innovate and grow, and to become globally competitive.

Our focus is on helping companies build capability. After analysing a business's needs, we provide all kinds of connections including investment and strategic advice, market research, global distribution, financial planning, intellectual property, governance structures, and help with appointing advisory boards and mentors, branding, marketing and sales.

Besides connecting individual businesses, the Business Growth team runs programmes including the Summer of Code internship programme and the Activate 16 week intensive programme for early stage businesses.

A strong partnership with other business services professionals and organisations is a key part of our success, and our network has strengthened over the year. Connection between business, tertiary institutions, students and Government was supported by our co-ordination of the highly successful Summer of Code programme.

Grow Wellington is also the Wellington regional partner for the Foundation of Research, Science and Technology's Tech NZ programme. In 2009/10 Grow Wellington was responsible for Tech NZ funding of just over \$1 million.

In 2009/10, the Business Growth team connected over 1,200 businesses from across the region with expertise to help them innovate and grow. The team also helped bring the Wellington region innovation eco-system together through the Bright Ideas Challenge which encouraged aspiring entrepreneurs to submit their business ideas. The Bright Ideas Challenge replaced the Accelerate programme as it was identified that this would be the most effective way to support Business Growth in the region.

Bright Ideas Challenge

As part of our work to demonstrate the importance of innovation to the regional economy and connect the Wellington regional innovation eco-system, Grow Wellington launched the Bright Ideas Challenge in April this year.

The aims of the Bright Ideas Challenge were to encourage people to come forward with bright business ideas; to provide connections and support to transform workable ideas into business reality; to stimulate innovation and growth in the Wellington regional economy; to expand our reach, engage with businesses and the innovation community in a new and compelling way; to encourage the innovation eco-system to work better; and help create an innovation culture for Wellington.

Stage One of The Bright Ideas Challenge closed on 25 June with 1,233 entries. To date, a significant number of ideas with commercialisation potential have been identified. Over 50 experts have come forward and offered their support for these ideas.

Over 20 organisations registered to run the Bright Ideas Challenge through their own organisation, where their employees were challenged to identify a new innovation or an improvement to an existing product or service.

A new aspect to the challenge was introduced in the latter stages. This was an opportunity called 'Solve My Problem' where companies could ask the general public for ideas for their

business. Vehicle Testing NZ received 29 ideas. Solve my Problem was a pilot for a new approach to innovation where we pair strong, established companies with entrepreneurial people and new thinking.

The Sky's the limit for Cloud Computing Company

Wellington based company InterGrid has developed a 'pay as you use' business model that provides Cloud Computing solutions for the creative digital, film media, biotech and engineering sectors.

Just three years ago, the company - then a start-up business - successfully approached Angel HQ for investment funding. Since then it's gone from strength to strength. Significant milestones include partnership agreements with Microsoft, Hewlett Packard, and Hong Kong based Cyberport. And it doesn't stop there – Intergrid is expanding, with an office about to be established in Silicon Valley. No wonder then, that MIS (Management Information Systems) magazine ranks InterGrid one of Asia's 100 most strategic companies.

It's no wonder either, that CEO Scott Houston is in demand as an international speaker. In July 2010 he presented to 16,000 people at Microsoft's Worldwide Partner Conference in Washington (just before Bill Clinton).

Grow Wellington has been able to connect InterGrid with funding to facilitate the company's growth. This funding has come from a number of programmes including Summer of Code (enabling InterGrid to hire two interns whom Scott describes as 'fantastic'), Tech NZ and a FoRST grant.

According to Scott, "We simply could not have achieved what we have in the last 18 months without the fantastic support from Grow Wellington. From our initial Angel investment, to hiring interns, and support for grant funding, the team at Grow Wellington have been great to deal with. They are like an additional division of the company that we can always count on when we need them."

Activate

Activate is a programme designed to test and validate business concepts and ideas. The programme works with individual businesses at concept stage, already established businesses looking to move to the next level, and those looking to innovate into new areas (territories and products). Participants receive expert advice from specialists through an intensive series of workshops and one-to-one coaching from a dedicated mentor.

The success of the Activate programme (initially piloted in 2008 and in its second year of operation) has continued throughout the 2009/10 financial year. 63 companies were enrolled across 8 Activate programmes which were delivered in various locations throughout the region. A new series of evening programmes was also implemented and a successful partnership has been developed with VicLink (the commercialisation arm of Victoria University). This partnership resulted in a pilot VicLink Activate programme being run during 2009/10 with 8 companies participating. Highlights of 2009/10:

- 78% of Activate graduates continue with /begin trading with their business idea post Activate.
- A total of 8 programmes were conducted including, Wellington (3), Porirua (1), Kapiti (1), Evening (2) and VicLink (1).
- More than 16 partner companies, mentors and presenters were involved in the running of the programme.

The Activate programme continues to attract a high number of companies with significant growth potential, with Activate alumni businesses trading in Australasia and the Pacific, Europe, Asia and the Americas.

The profile for Activate continues to grow with a total of 256 registrations for the newly instigated Activate Entrepreneurs networking events (2 held, 2009/10), an interview for TVNZ One's NZI Business Breakfast show, and significant profile in local media.

Family tradition turned business opportunity

Limoncello is a unique Italian liqueur that some say has been enjoyed since Roman Times. Italian restaurateur, Corrado Ronchetti, a native of Italy's ruggedly beautiful Amalfi Coast and his Kiwi wife Annemarie Tiffen, are now making their own limoncello on the Kapiti Coast near their award-winning Soprano Italian restaurant.

Their limoncello marketed under the name Soprano Limoncello and made from hand distilled pure alcohol, fresh lemons and spring water, is a recipe passed down from Corrado's grandmother.

"My husband had been making it for years but only for guests in our own restaurants – we'd give it away at birthdays and to those having other celebrations," says AnneMarie. We've exposed many people to the joys of limoncello and realised there was a potential business opportunity there.

In our market research we looked at what other brands were available and were surprised to find there were other New Zealand limoncellos on the market. One in particular has a strong presence but rather than this being a negative for us, it has helped raise awareness of the name and educate people about the liqueur.

Soprano Limoncello joined Grow Wellington's Activate programme in Kapiti last August. "Doing the course is really valuable because it makes you focus on the business side and not solely on your creative process. It challenged me to use my support network to help with practical aspects too. The highlights are definitely the camaraderie and the inspiration you receive from the fellow attendees.

"We are producing steadily and distributing to local consumers. We have two strong wholesalers who are regular buyers," says Annemarie. "Our focus is to build our customer base and attend as many local markets and festivals as is practical. The local fairs are very economical and we find the patrons extremely interested and very supportive.

I'm talking to a distributor in China but it is very early stages. We are deciding which direction is the best for us. The contrast between a large production with machinery and staff versus a small, boutique operation is huge."

For others starting out with a new business, Annemarie has a bit of advice. "Keep asking yourself the big question: What do you want out of this? It might be challenging to answer, but staying focused on what you want and realising what is feasible is something you learn along the journey. The biggest lesson I have learned is there is a mountain between making a product and actually selling enough to make a good business out of it."

Annemarie says the Kapiti Coast has been a fantastic place to start a new business. "The local media is supportive so getting our message out there is easy. People on the Coast are eager to soak up new ideas and the local council has been good to work with."

And the contrast between Amalfi and Kapiti? "I have never lived on the Amalfi Coast but my husband says it has a similar big village feel as here in Kapiti with the locals living and working within their region. While he loves to return for a visit, he says he feels lucky to be living in New Zealand and still preserving an age old family tradition.

Skills and Internships

Summer of Code

The Summer of Code internship programme places students in the region with local companies for twelve weeks over the summer. Students work on a predefined project, which may be eligible for R&D support if they are within the criteria relating to R&D and commercialisation.

2009 was the fourth year of the Summer of Code internship programme. Forty two students were placed with thirty companies and thirty one projects were supported by TechNZ. This was an increase in numbers over previous years and continued the steady growth of the programme in spite of last year's difficult economic conditions. As a first foray into widening the programme from a code and IT focus, three engineering students were successfully placed in 2009.

To assist with student preparation, eight boot camps in both technical and soft skills were offered to the students prior to placements. Eight seminars on a variety of topics were also held during the summer. The summer seminars were open to the wider IT community and each included a pitch from an innovative Wellington company and provided an excellent networking opportunity for both students and companies.

A post internship review of both interns and companies was overwhelmingly positive and is backed up by the fact that seventeen out of twenty five interns seeking employment were offered jobs by their Summer of Code host company.

Skills Survey

Grow Wellington and the Ministry of Social Development jointly undertook a skills survey in 2009. The survey specifically focused on certain skills rather than general labour and the intention was to increase knowledge of clients' skills issues in these areas and develop client relationships.

Grow Wellington surveyed 106 clients from manufacturing, primary, food and beverage, education, screen and digital and IT. MSD surveyed 160 clients from hospitality, transport and trades. The survey focused on management, commercialisation, technology and international marketing and exporting.

Following the survey, thirty companies requested follow up and were met with by Grow Wellington or MSD staff or both. Seven companies were referred to Weltec for government assisted literacy programmes.

The Skills survey identified that Business leaders are looking for specific capabilities, such as management, marketing, sales, and governance hence the skills programme has now been connected to Business Growth and the skills database has been discontinued.

Investment

Over the year, Grow Wellington broadened its involvement and leadership role in the investment community and through the Bright Ideas Challenge, connected with key investors throughout the region.

During the year, two new Escalator brokers were appointed for the Wellington region – Armillary Capital and Woodward Partners. Escalator is New Zealand's only complete specialist investment-ready service for small to medium enterprises. It educates and grooms small businesses and sources private investment funds (capital) for those identified as having growth potential. Escalator is a programme funded by NZTE (New Zealand Trade and Enterprise).

As a first step, Escalator provides training workshops. Grow Wellington hosts these workshops for the region. Over the year, we have greatly increased the number of workshops available in Wellington.

As a second step, Escalator provides an individual assessment and targeted advisory service with a value of up to \$10,000. Since the new brokers have been appointed, we have been sending through weekly referrals to Escalator. Working with the Escalator brokers has helped fill an important gap in the regional innovation system.

We continued our support of the Angel HQ group. This Wellington Angel Association now numbers over 30 members. Angels are high net worth individuals who provide seed capital for start-up businesses, usually in exchange for equity. They also bring business skills, connections and other forms of assistance. Over 100 enquiries were fielded from across the region. From these enquiries, Angel HQ club members were presented with nine opportunities and three deals were closed.

During the year, Angel HQ entered into a formal partnership with AngelLink (Hamilton) to increase the number of referrals.

Leading American angel investor Bill Payne was hosted by Angel HQ for two Wellington visits so that he could share his knowledge with kiwi entrepreneurs, investors and universities. Payne is one of the United States' best known angel investors with an investment history stretching back almost thirty years. Payne's New Zealand visit was part of a six month assignment at the Icehouse in Auckland as Entrepreneur in Residence.

Over the year, Grow Wellington has worked with Investment New Zealand and Immigration New Zealand's investor programme to encourage inwards investment into the region.

Creative HQ

Creative HQ is Wellington's business incubator. We work in partnership with the region's brightest business minds to turn their intellectual property, bright ideas and dreams into business realities. We support and accelerate the successful commercialization of high growth potential ventures.

We are currently incubating 18 ventures. Over the past year we have helped them undertake market analysis, research and pilots, develop go-to-market strategies and then execute them successfully - raising capital, setting up high performing advisory boards, securing major agreements and sales, building strong teams, and going international.

Creative HQ business, Dash Tickets won start up of the year at the inaugural Telecommunications Industry Group's *Launchpad* competition 2010. Fun2bFit was also a national finalist. Three Creative HQ businesses were finalists in the *Wellington Gold Awards* with Alumni Optimal Usability winning the Supporting Gold Section and Gecko Press winning Creative Gold. Dash Tickets was a finalist in the Emerging Gold category.

The track record of our 23 alumni businesses continues unabated. In the 2009-2010 year, their revenue grew by 45% over the previous year. Much of this growth came from export earnings which grew by 71%. Their net economic benefit for 2009-2010 was \$62M and now totals \$147M over the last three years.

Creative HQ's major achievements in 2009-10 include:

- Helped our businesses raise over a million dollars in first stage funding
- Supported five of our businesses to secure government funding
- Successfully established the Creative HQ Proof of Concept Fund in partnership with Movac, Sparkbox and Evander Management. The fund provides up to \$150,000 for qualifying businesses to test the viability of their business concept
- Accepted Wetox, our second clean technology business and our first Victoria University IP business, as a direct result of our partnership with VicLink
- Strengthened the capability and capacity of our team with the appointment of our fourth business strategist and our operations manager
- Screened over 80 business opportunities resulting in advanced screening of 20 ventures and acceptance of 12 into the incubator, moving from supporting 14 ventures to 18 ventures
- Strengthened our relationships with the investment community through our relationship with Angel HQ and private investors
- Achieved 92% client satisfaction in our first Customer Satisfaction Survey
- Upgraded our physical premises including the addition of 12 hot desk stations for virtual incubation and flexible working environments
- Strengthened our national and international incubation networks through our participation in Incubators New Zealand and strategic relationships with the Australian Incubators Association and the National Business Incubation Association in the US
- Improved our market presence through a set of marketing initiatives and the re-launch of the Creative HQ website

The combination of successful activities and milestones provides a solid foundation for wider and improved business incubation and commercialisation. This focus will ensure increased high quality business growth outcomes and significant regional impact for future years.

Writing their Ticket to Success

Dash Tickets is a fresh new ticketing solution currently electrifying the entertainment industry by providing the tools to manage event ticketing from start to finish.

The business is the brainchild of entrepreneurs Chris Smith and Nick Schembri. The pair met at Victoria University where they joined forces to event manage everything from student parties to larger scale functions on a voluntary basis in their spare time. Three years and several issues with ticketing later, they saw the need for a system that addressed the problems, and set about creating one.

Their combined skills were more than equal to the task. Apart from the fact that they both love running events, Chris is an experienced web developer who worked for Microsoft in the US before coming to Wellington and brings creative flair and social networking skills. Nick brings to the table sound business and networking skills. This meant that they were able to do the research and development work for a new ticketing system themselves. An early version of the system was implemented during Orientation week at Victoria University last year. Now Dash Tickets is operating the system for a range of venues and events in Wellington, Auckland and Christchurch. Some of their events include the Illuminate New Zealand Paint Party Tour, Sandwiches, the Autism 2010 conference and the Wellington Her Business Awards.

The system has proved a success and following a suggestion that they look at accessing business support via Grow Wellington's business incubator Creative HQ, Dash Tickets is now in residence alongside 17 other enterprises with high growth potential.

"Our business was established to improve ticketing for event organisers to ensure well run events that are successful, enjoyable and profitable," Nick says. "Dash Tickets provides an automated self-service, end to end solution for promoters, event organisers, venues and consumers. Our SaaS (Software as a Service) product is a scalable web-based collaborative platform that spans event set up, ticket sales, managing promotions, event planning, door entry/pass out, post-event reconciliation and event data profiling".

Event promoters use the Dash Tickets' system to set-up their event and create tickets. They have the ability to add advertisements to each ticket providing an additional marketing channel. They can quickly and easily check on the number of tickets sold online. Dash also enables promoters to edit event details so that they do not have to be in constant contact with ticketing resellers.

Dash Tickets has already been recognised in two high profile business competitions – as winner of Launchpad 2010 - a competition to find the best Start Up in the IT industry, and as a finalist in the Emerging category of the 2010 Wellington Gold Awards.

Statement of Intent Measures

| PERFORMANCE MEASURES 2009/10 | PERFORMANCE TARGETS 2009/10 | PERFORMANCE ACHIEVED AS AT 30 JUNE 2010 |
|---|--|--|
| CENTRES OF EXCELLENCE (COE) | | |
| Digital | | |
| NZ Institute for Screen Innovation (NZISI) secured and ratified as the facilitator of digital entertainment development and base of COE | 3 tertiary education & 3 commercial organisations committed to Institute | This measure was not met. Grow Wellington is currently reviewing the Digital COE stakeholders and their needs. As a result the ongoing strategic commitment to the NZISI has yet to be established |
| Business case for NZISI completed | Business case completed | The business case was not completed – refer above. The stakeholder review will establish new delivery mechanisms for sector support |
| Establish a pipeline of significant future activities for CoE | Pipeline established | The pipeline was not established – refer above. The Stakeholder review will identify a new pipeline of activities |
| Biotech & Life Sciences | | |
| Establish the Health & Education Research Collaborative (HERC) | Commitment from 6 foundation members for location and participation | Commitment has been received from 3 foundation partners who are now co-located at Wellington hospital. These partners are Capital Coast District Health Board, Victoria University and the Medical Research Institute. 10 new businesses will join HERC in November 2010 |
| Manage international collaborations and alliances for HERC | One international Memorandum of Understanding | A strategic alliance with Deaneries (UK) underway. The MOU is under discussion |
| Clean Technology | | |
| Secure funding for new Clean Technology Centre to be based at Otaki | Funding secured | Funding from New Zealand Trade and Enterprise has been secured |

PRIMARY

Grow Wellington facilitation of irrigation project for Wairarapa Regional Irrigation Trust

5 initiatives delivered to explore irrigation economic spin offs

Three initiatives were identified and delivered –

1. Horticulture/seed opportunities have been scoped. Discussions were held with industry representatives and private sector operators to assess the existing value and potential opportunities available for high value horticultural production if reliable water was made available. This will be part of the business case that will be prepared for individual land owners to assist them to decide to take up the water once it is available.
2. A cost/benefit and economic impact report has been completed
3. Support has been given to the training provider who will deliver irrigation operation training for NZ

In client sector survey participants give 80% rating of support for initiatives

The client sector survey shows 100% support for involvement of Grow Wellington in Wairarapa Regional Irrigation project

MANUFACTURING

Implementation of manufacturing projects – Optimising Manufacturing scheme (placing graduates into companies to address productivity issues) and specialty ‘hubs’ (incubators for start-ups to improve manufacturing innovation)

3 new projects scoped and 2 from last year being implemented (Optimising Manufacturing and specialty hubs)

The Optimising Manufacturing project is underway with 3 companies/graduates

The specialty ‘ hub’ concept was absorbed into the remote delivery of incubation services that Grow Wellington’s business incubator Creative HQ delivers

Only one new project scoped as the sector was in survival mode and not open to new projects. The new project was an inward trade mission. This did not proceed as funding was not applied for. However emanating from the inwards trade mission idea, a building/construction sub-sector grouping is being scoped and this, subject to sector interest, will be developed over 2010/11

| PERFORMANCE MEASURES 2009/10 | PERFORMANCE TARGETS 2009/10 | PERFORMANCE ACHIEVED AS AT 30 JUNE 2010 |
|---|---|--|
| MANUFACTURING CONTINUED | | |
| | 40 commercial introductions made with 80% satisfaction from our client <u>survey</u> agreeing these introductions led to tangible business outcomes | 35 commercial introductions were made with 8 tangible business outcomes. Client survey shows 100% satisfaction with assistance received |
| EDUCATION – INTERNATIONAL STUDENTS | | |
| International student attraction marketing plan implemented | 4 initiatives to help generate increased student inflows 80% of EWI members satisfied in client <u>survey</u> with delivery against identified needs | Four initiatives were undertaken: 1. Launching of website www.educationwellington.co.nz 2. ANZA (Australia NZ Agents) Workshop 3. Vietnam Agent Awards 4. China Working Holiday Visa promotion Client survey shows 96% of EWI members satisfied with support they received from Education Wellington |
| EDUCATION PRODUCTS | | |
| Knowledge product market development activities deliver value, e.g. international contracts | 4 education businesses involved in market development programmes for their products and given 75% satisfaction rating in client <u>survey</u> | The measure was not met as the education products programme changed. The programme now involves developing sister schools relationships at primary school level. As part of these relationships, NZ teachers will deliver English conversation lessons to Korean students |
| FILM | | |
| Integration of global marketing plan into international joint venture projects. This involves attending international film industry events such as the Locations Trade Show in Los Angeles, promoting the region as a film production destination, promoting the region's businesses, and establishing key contacts | Find one or more potential Joint Venture opportunities for Wellington region film companies | One inbound visit was generated and several new contacts made. These contacts have been connected up with Wellington region businesses |
| Improved system for film and location permits explored | Identification of options for improvement | The film permit application process has been improved – an online document is now available which can be completed and emailed back. This will shortly be further improved to a fully integrated online application system |
| | Client sector <u>survey</u> shows 80% satisfaction | Client survey shows 100% satisfaction with assistance received |
| | 520 film industry enquiries | 599 film industry enquiries |

managed

managed

| PERFORMANCE MEASURES 2009/10 | PERFORMANCE TARGETS 2009/10 | PERFORMANCE ACHIEVED AS AT 30 JUNE 2010 |
|---|--|--|
| FOOD & BEVERAGE | | |
| Food Wellington marketing story implementation – telling the Wellington food story | 10 partners committed to Food Wellington strategy | 10 industry partners comprise a Food Advisory Group to advise on Food Wellington strategy |
| | 3 projects initiated for food & beverage sector | 3 projects were initiated - Wellington on a Plate Export Beer Cluster Food Directory |
| Complete Major Regional Initiative (Cuisine and Fine Wine) economic impact report | Complete report | The report was completed by Corilois Research and Silvereye Communication and showed the positive economic impact of the MRI for the region |
| | Sector <u>survey</u> outcome showing satisfaction and export results | Wellington on a Plate survey showed that 100% of participating restaurants are committed to the 2010 event. Measurable export results are not yet applicable to this event although anecdotal evidence of export has been received |
| SKILLS | | |
| Grow Wellington is actively engaged with Wellington regional skills initiatives | 80% satisfaction rating from employer clients in <u>survey</u> response to question about meeting their skills needs | The survey shows 90% satisfaction |
| Targeted skilled migrant programme in place | 'Live' and 'Work' websites for the Wellington region established | The two websites have been established |
| | 30 employers and recruiters accessing the skilled migrant database per month | This measure was not met as the database was discontinued due to lack of demand |
| INVESTMENT – ANGEL HQ | | |
| Consolidation of Angel HQ membership (i.e. high net worth individuals)and deal pipeline | 45 Angel HQ members presented with 12 deals with 3 deals closed | 34 Angel HQ members were presented with 13 deals, with 3 deals closed. |
| Angel HQ business plan prepared to progress to independence of Grow Wellington | Business plan completed | The Business plan was completed and Angel HQ will become independent on 30 November 2010. Independence is part of the evolution of Angel HQ as part of the innovation community |
| Awareness raising programme improves uptake of investment services | 4 initiatives to generate awareness | 4 investment evenings held plus: <ul style="list-style-type: none"> • Damsels Den event held with Unlimited Potential • Bill Payne Event held at New Zealand Stock Exchange with Angellink |

- Bill Payne “Power of Angel Investing” seminar

| PERFORMANCE MEASURES 2009/10 | PERFORMANCE TARGETS 2009/10 | PERFORMANCE ACHIEVED AS AT 30 JUNE 2010 |
|---------------------------------|--------------------------------|--|
|---------------------------------|--------------------------------|--|

| |
|--|
| INVESTMENT – ANGEL HQ CONTINUED |
|--|

| | |
|--|---|
| 25 commercial introductions made with clients reporting 80% satisfaction in annual <u>survey</u> | 5 introductions were made with 100% satisfaction with assistance received |
|--|---|

| |
|--|
| GROWTH OF INDIVIDUAL BUSINESSES |
|--|

Activate

Deliver 16 week intensive programme on business fundamentals, to early stage businesses in all regions

9 programmes are delivered to 72 businesses

8 programmes delivered to 63 businesses
1 Hutt City programme promoted but not run due to insufficient numbers

80% successfully complete the programme

83% successfully complete the programme

Incubate – Creative HQ (CHQ)

Complete programme enhancement to lift quality and quantity of companies resident at CHQ (the region’s premier incubator for high growth export oriented businesses)

Programme enhancement lifts number of residents to 20

18 residents at 30 June 2010

1 exit by resident or alumni

5 exits by residents:
1 business graduates (successful exit)
4 businesses do not graduate (unsuccessful exits)

Accelerate

Define and identify target companies for accelerate services

Accelerate clients give 70% satisfaction rating

The measure was not completed as the programme was discontinued and replaced by the Bright Ideas Challenge – an initiative to encourage and support good business ideas from around the region
Overall client feedback was however 84% positive

Innovate

Define and pilot service delivery of Innovate programme (designed to generate more IP and innovation)

Initial pilot run from Jan – Mar 2010

The programme was implemented as the Bright Ideas Challenge – refer above.

| PERFORMANCE MEASURES 2009/10 | PERFORMANCE TARGETS 2009/10 | PERFORMANCE ACHIEVED AS AT 30 JUNE 2010 |
|---------------------------------|--------------------------------|--|
|---------------------------------|--------------------------------|--|

| | | |
|---|--|--|
| IMPROVING BROADBAND USE AND SUPPLY | | |
|---|--|--|

| | | |
|---|---|---|
| 2 projects – one to improve broadband use in targeted digital industry companies and one to provide a resource for companies looking for information about broadband supply and costs | 2 projects undertaken | Business demand for the two projects was sufficiently unclear to justify proceeding. However Grow Wellington continues its membership of the Broadband Operational Group and continues to look for other opportunities to facilitate ultra fast Broadband for the region’s business community |
| | Satisfaction <u>survey</u> measure for those companies involved | The measure is no longer applicable due to the discontinuation of projects – refer above |
| | 6 partners involved in project to establish broadband resource | The measure is no longer applicable as the business demand for this project was sufficiently unclear to justify proceeding |

| | | |
|--|--|--|
| RAISING THE VALUE OF INTERNATIONAL GATEWAYS | | |
|--|--|--|

| | | |
|--|---|---|
| Plan developed to deliver better connectivity for the Region’s exporters | A set of measures will be devised when there is greater clarity about Grow Wellington’s role in this work | Measures not developed separately as this work is now integral to the Wellington Story approach |
|--|---|---|

| | | |
|--|--|--|
| ADDING VALUE TO A CARBON NEUTRAL REGION | | |
|--|--|--|

This work has been subsumed into Centres of Excellence

| | | |
|--|--|--|
| BUILDING AN EXCELLENT ECONOMIC DEVELOPMENT ORGANISATION | | |
|--|--|--|

| | | |
|---|---|---|
| Good Employer Leadership, Accountability & Culture: <ul style="list-style-type: none"> Engagement processes with employees and opportunities for them to participate in decisions | 90% staff retention | 70% staff retention <ul style="list-style-type: none"> Staff are fully involved in an annual strategic planning meeting Managers meet with their teams on a weekly basis and teams meet with the CEO on a monthly basis Staff meetings are held as and when required to discuss new programmes and activities |
| Flexibility and Work Design: <ul style="list-style-type: none"> Consideration of flexible work practices to accommodate staff employment requirements | | Grow Wellington has flexible work practices in place including time in lieu, working from home and paid leave to care for dependants. |
| Explore and carry out JRA workplace survey on employee engagement (JRA Best Workplaces Survey is run in association with The New Zealand Herald and is New Zealand’s largest annual | [JRA benchmark measure to be confirmed] | This survey was not undertaken in 2009/10 as the TMS work preferences programme was introduced instead |

| PERFORMANCE MEASURES 2009/10 | PERFORMANCE TARGETS 2009/10 | PERFORMANCE ACHIEVED AS AT 30 JUNE 2010 |
|---------------------------------|--------------------------------|--|
|---------------------------------|--------------------------------|--|

| |
|--|
| BUILDING AN EXCELLENT ECONOMIC DEVELOPMENT ORGANISATION |
|--|

Social & Environmental Responsibility

| | | |
|--|----------------------------|------------------------------|
| Explore initiatives to reduce energy use and enhance recycling practices | Power bill reduced by 10% | Power bill increased by 2.06 |
| | Paper usage reduced by 10% | Paper usage reduced by 4.8% |

Sound Business Practice

| | | |
|--|---|--|
| Establishment of a clear process of assessing leadership, strategic planning, client focus, measurement and knowledge management, workforce focus, process management and business results | 7 outcome oriented processes and timetables in place to ensure excellence is achieved | 7 outcome oriented processes and timetables in place: <ol style="list-style-type: none"> 1. Staff Workplace Preference profiling process in place - July 2009 and ongoing 2. Board Strategy Planning meeting - October 2009 3. Internal Business Planning process to confirm activities and set performance measures – completed May 2010 4. Staff Strategy Planning meeting – February 2010 5. Client Prioritisation Model in use to review Grow Wellington activities. These three activities were reviewed in 2009/10 <ul style="list-style-type: none"> - Film Wellington - Skills - Innovation 6. Use of Annual Client & Stakeholder Survey to measure performance –June 2010 7. Performance Review and Development of Staff process in place – August 2009 |
|--|---|--|

Communication

| | | |
|---|---|---|
| In accordance with the 09/10 Marketing Plan, Grow Wellington website complete and fully operational | 2,000 unique website visits a month 25% response to annual survey with 80% of those surveyed acknowledge that the website is a valuable resource | Since November 2009 (when a monitoring system was established) there has been an average of 1655 unique visitors per month 33% response to annual survey of whom 94% acknowledge that the website is a valuable resource |
| Launch “The Wellington Story” and get buy in from key stakeholders to use it in their international marketing | 20 partners are using the Wellington Region’s story to promote their business. 12 media releases, 4 stakeholder | 8 partners are using the Wellington story 14 media releases, 4 stakeholder |

newsletters and 50 e-newsletters
produced

newsletters, 50 e-newsletters
produced

| PERFORMANCE MEASURES 2009/10 | PERFORMANCE TARGETS 2009/10 | PERFORMANCE ACHIEVED AS AT 30 JUNE 2010 |
|---------------------------------|--------------------------------|--|
|---------------------------------|--------------------------------|--|

| |
|--|
| BUILDING AN EXCELLENT ECONOMIC DEVELOPMENT ORGANISATION CONTINUED |
|--|

Knowing our Region

Promotion of Grow Wellington's role as a source of regional economic information

80% satisfaction rating from clients requesting information on the regional economy

Not applicable as most of the requests for information on the regional economy are from stakeholders

Financial Statements

Grow Wellington Limited

Annual Report

for the year ended 30 June 2010

The Board of Directors present their Annual Report including Financial Statements of the company for year ended 30 June 2010.

Trading Results

| | 2010 | 2009 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Total Comprehensive Income | - | (18,682) |
| Retained earnings beginning of period | 56,978 | 75,660 |
| NET RETAINED EARNINGS | 56,978 | 56,978 |

Dividends

The Directors recommend that no dividend be paid for the year.

Transfers

It is not proposed to make any transfer to reserves.

State of Affairs

The state of the company's affairs at 30 June 2010:

| | 2010 | 2009 |
|------------------------|----------------|----------------|
| | \$ | \$ |
| Assets Totalled | 689,842 | 707,110 |
| Financed By: | | |
| Shareholders' Funds of | 56,978 | 56,978 |
| Liabilities of | 632,864 | 350,132 |
| | 689,842 | 707,110 |

As required by section 211 of the Companies Act 1993, we disclose the following information:

Nature of Business

The business of the company is economic development of the Wellington region. The nature of the company's business has not changed during the year under review.

Directors had interest in transactions or proposed transactions of the company as detailed in note 23 of the financial statements.

Use of Company Information

The Board received no notices during the year from directors requesting to use company information received in their capacity as directors which would not have otherwise been available to them.

Share Dealings

No director acquired or disposed of any interest in shares in the company during the year.

Indemnities

The company has not entered into any indemnity or insurance in respect of any liability that the directors may incur in their capacity as directors.

Director's Remuneration

Remuneration and other benefits paid or due and payable to directors, for services as director and any other capacity, during the year, is as follows:

| | 2010 | 2009 |
|--------------------------------------|----------------|----------------|
| Director | \$ | \$ |
| Murray McCaw (Chairman) | 20,000 | 20,000 |
| Brent Albiston | 15,000 | 15,000 |
| Murray Bain | 15,000 | 15,000 |
| Vivienne Beck | 15,000 | 15,000 |
| John Lumsden | 15,000 | 15,000 |
| John McFadzean | 15,000 | 15,000 |
| Luong Pham (resigned) | 7,500 | 15,000 |
| Paul Swain | 15,000 | 2,500 |
| TOTAL DIRECTORS' REMUNERATION | 117,500 | 112,500 |

Donations

No donations were made during the year to 30 June 2010.

Directors

All directors held office for the full year except as noted below. No other person held office as director at any other time during the period.

| | Resignation Date | Appointment Date |
|-------------------------|------------------|------------------|
| Murray McCaw (Chairman) | | 5-Apr-07 |
| Brent Albiston | | 23-May-07 |
| Murray Bain | | 23-May-07 |
| Vivienne Beck | | 23-May-07 |
| John Lumsden | | 5-Apr-07 |
| John McFadzean | | 23-May-07 |
| Luong Pham (resigned) | 31-Dec-10 | 23-May-07 |
| Paul Swain | | 16-Apr-09 |

Employee Remuneration

Remuneration paid to employees over \$100,000 during 2010 financial year is grouped as follows:

| Salary Band | Number of Employees | 2010 | 2009 |
|------------------------|---------------------|------|------|
| \$100,000 to \$109,999 | | 2 | 2 |
| \$110,000 to \$119,999 | | 1 | 2 |
| \$120,000 to \$129,999 | | - | - |
| \$130,000 to \$139,999 | | - | - |
| \$150,000 to \$159,999 | | - | 1 |
| \$170,000 to \$179,999 | | 1 | 1 |
| \$230,000 to \$239,999 | | 1 | - |
| \$260,000 to \$269,999 | | - | 1 |

Audit New Zealand are the auditors of the 2010 financial statements and statement of intent measures. Audit Fees of \$27,200 were payable during the 2010 financial year.

General

In the directors' opinion, the current financial position of the company is considered to be satisfactory.

For and on behalf of the Board;

JOHN LUMSDEN

27 August 2010

PAUL SWAIN

27 August 2010

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Grow Wellington Limited

Comprehensive Income Statement

for the year ended 30 June 2010

| | Notes | 2010 \$ | 2009 \$ |
|---|-------|------------------|------------------|
| Revenue | | | |
| Council Contributions | | 4,006,989 | 4,113,350 |
| Grant Revenue New Zealand Trade and Enterprise | | 960,569 | 680,942 |
| Grant Revenue Foundation for Research, Science and Technology | | - | 3,397 |
| Contracted Services FORST | | 120,000 | 109,014 |
| Sponsorship | | 36,000 | 23,139 |
| Fee Income | | 150,771 | 118,167 |
| Capital Raising Success Fees | | 19,488 | 4,950 |
| Other Revenue | 4 | 166,539 | 386,223 |
| Interest income | | 4,562 | 3,589 |
| TOTAL REVENUE | | 5,464,918 | 5,442,771 |
| Expenditure | | | |
| Personnel Costs | 7 | 2,752,129 | 2,723,951 |
| Directors Fees and Expenses | 21 | 125,310 | 118,294 |
| Depreciation and Amortisation Expense | 24,25 | 55,724 | 51,921 |
| Other Operating Expenses | 5 | 2,531,755 | 2,567,276 |
| Interest expense | | - | 11 |
| TOTAL EXPENDITURE | | 5,464,918 | 5,461,453 |
| PROFIT BEFORE INCOME TAX | | - | (18,682) |
| Income Tax Expense | 8 | - | - |
| PROFIT FOR THE YEAR | | 0 | (18,682) |
| OTHER COMPREHENSIVE INCOME | | | |
| Tax expense relating to other comprehensive income | | - | - |
| OTHER COMPREHENSIVE INCOME NET OF TAX | | - | - |
| TOTAL COMPREHENSIVE INCOME | | - | (18,682) |

The accompanying accounting policies and notes form an integral part of the Financial Statements.

**Grow Wellington
Limited
Statement of Changes in Equity
for the year ended 30 June
2010**

Retained earnings

| | 2010 | 2009 |
|----------------------------|---------------|---------------|
| | \$ | \$ |
| Balance at 01 July | 56,978 | 75,660 |
| Total Comprehensive Income | - | (18,682) |
| Balance at 30 June | 56,978 | 56,978 |

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Grow Wellington Limited

Statement of Financial Position

as at 30 June 2010

| | Notes | 2010 \$ | 2009 \$ |
|-----------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current | | | |
| Cash and Cash Equivalents | 9 | 224,732 | 345,225 |
| Trade and Other Receivables | 11 | 178,798 | 180,910 |
| Prepayments | | - | 14,890 |
| Grant Income Due | 6 | 152,189 | 356 |
| Total Current Assets | | 555,719 | 541,381 |
| Non-Current | | | |
| Property, Plant & Equipment | 24 | 125,711 | 135,480 |
| Intangible Assets | 25 | 8,412 | 30,249 |
| Total Non-Current Assets | | 134,123 | 165,729 |
| TOTAL ASSETS | | 689,842 | 707,110 |
| LIABILITIES | | | |
| Current | | | |
| Trade and Other Payables | 12 | 278,108 | 260,863 |
| GST Payment Due | | 31,309 | 50,747 |
| Creative HQ Incubatee Bonds | | 8,444 | 6,755 |
| Employee Entitlements | 13 | 197,254 | 225,145 |
| EWI (Inc) Trust Funds | 18 | 86,999 | 95,714 |
| Revenue in Advance | 17 | 30,750 | 10,908 |
| Total Current Liabilities | | 632,864 | 650,132 |
| TOTAL LIABILITIES | | 632,864 | 650,132 |
| NET ASSETS | | 56,978 | 56,978 |
| EQUITY | | | |
| Retained Earnings | | 56,978 | 56,978 |
| TOTAL EQUITY | | 56,978 | 56,978 |

The accompanying accounting policies and notes form an integral part of the Financial Statements.

Grow Wellington Limited

Statement of Cash Flows

as at 30 June 2010

| | Notes | 2010 \$ | 2009 \$ |
|---|-----------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Inflows | | | |
| Council Contributions | | 3,855,155 | 4,537,422 |
| Grant Revenue | | 971,692 | 637,565 |
| Other Revenue | | 493,443 | 577,396 |
| Interest Revenue | | 4,562 | 3,589 |
| GST Net | | - | 45,937 |
| Cash Inflows from Operating Activities | | 5,324,852 | 5,801,909 |
| Outflows | | | |
| Payments to Suppliers | | 2,499,615 | 2,749,353 |
| Payments to Employees | | 2,905,330 | 2,747,355 |
| GST Net | | 19,438 | - |
| Interest Paid | | - | 11 |
| Cash Outflows from Operating Activities | | 5,424,383 | 5,496,719 |
| NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | 10 | (99,531) | 305,190 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Inflows | | | |
| Gain on sale of Property, Plant and Equipment | | 3,155 | - |
| Outflows | | | |
| Purchase of Property, Plant and Equipment | | 24,117 | 54,481 |
| Purchase of Intangible Assets | | - | 16,585 |
| NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | (20,962) | (71,066) |
| Net increase/(decrease) in cash and cash equivalents at beginning of the year | | (120,493) | 234,124 |
| Cash and cash equivalents at the beginning of the year | | 345,225 | 111,101 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 9 | 224,732 | 345,225 |

The GST Net component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST Net component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying accounting policies and notes form an integral part of the Financial Statements.

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Grow Wellington Limited

Notes to the Financial Statements

for year ended 30 June 2010

1. REPORTING ENTITY

The financial statements presented are for Grow Wellington Limited ("the Company").

The Company was incorporated as Regional EDA Limited on 5 April 2007. The Company changed its name to Grow Wellington on 25 February 2008.

The Company is a company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand and operates from Wellington. The Company is wholly owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of Local Government Act 2002, by virtue of the Council's right to appoint the Board of the Directors.

The primary objective of the Company is to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than make a financial return.

The registered office of the Company is 142 Wakefield Street, Wellington, New Zealand.

The financial statements of the Company are for the year ended 30 June 2010. The financial statements were authorised for issue by the Board on 27 August 2010.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to public benefit entities.

Grow Wellington Limited qualifies for Public Benefit Entity reporting exemptions as its primary objective is to provide services for the community or social benefit by promoting and supporting the establishment and growth of business investment and employment opportunities within the region. The Company has been established with a view to supporting that primary objective rather than financial return. All appropriate Public Benefit reporting exemptions have been adopted.

The Company qualifies for Differential Reporting exemptions as it has no public accountability, and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except for NZ IAS 7 - Cash Flow Statements.

(b) New Standards & Interpretation to published standards that are not yet effective

Differential reporting allows for exemption of NZ IAS 8 paragraph 30 which requires disclosures regarding the impact of a NZ IFRS that has been issued but not yet effective.

(c) Basis of measurement

The financial statements have been prepared on an historical cost basis, except for certain financial assets and liabilities that have been measured at fair value. The accounts have been prepared on a going concern basis.

(d) Presentation currency

The financial statements are presented in New Zealand dollars (\$). This is the functional currency.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 3(d), 3(e), 3(f), 3(g), 3(h), 3(i) and 3(j).

(f) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

The Company has adopted the following revisions to accounting standards during the financial year, which have only a presentational or disclosure effect:

NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004)

The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Company has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive were previously recognised directly in the statement of changes in equity.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign Currency Transactions

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transaction are recognised in the Statement of Comprehensive Income.

(b) Financial Instruments

Financial Instruments are initially measured at fair value plus transaction costs. Subsequent to initial recognition, these instruments are measured as set out in the policies below:

(i) Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial liabilities are recognised at amortised cost using the effective interest method.

(ii) The Company does not have any derivative instruments.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(d) Trade and Other Receivables

Trade and other receivables are treated at their cost less impairment losses.

A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using effective interest method. Receivables with a short duration are not discounted.

(e) Plant and Equipment

Plant and equipment are shown at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) Additions

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the company and the cost of the item can be measured reliably.

(ii) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

(iii) Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the Statement of Comprehensive Income. The useful lives and associated depreciation rates have been estimated as follows:

| | |
|-------------------|------------|
| Computer Hardware | 2-3 years |
| Equipment | 2-8 years |
| Furniture | 4-10 years |
| Motor Vehicles | 2 years |

(iv) Subsequent Costs

Subsequent costs for property, plant and equipment are capitalised only when future economic benefits or service potential will flow to the Company.

(f) Intangible Assets

Intangible assets that are acquired, which have finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives and associated amortisation rates have been estimated as follows:

| | |
|-------------------|-----------|
| Computer Software | 1-3 years |
|-------------------|-----------|

(i) Amortisation

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the intangible assets.

(ii) Computer Software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.

(iii) Website Maintenance

Costs associated with developing and maintaining the Company's website are recognised as an expense when incurred.

(g) Impairment of non-financial assets

Assets with finite useful lives are reviewed for impairment whenever an event or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(h) Trade and Other Payables

Trade and other payables are stated at amortised cost.

(i) Employee Benefits

(i) Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, expected to be settled within 12 months and sick leave.

The Company recognises a liability for sick leave to the extent that the compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where they are contractually obligated or where there is a past practice that has created a constructive obligation.

(j) Provisions

The Company recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

(k) Revenue

Revenue is measured at the fair value of consideration received.

(i) Council Contributions

Council contributions are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

(ii) Grants

New Zealand Trade & Enterprise (NZTE) and the Foundation for Research, Science and Technology (FORST) can provide awards and grants for projects the organisation undertakes. These include the Creative HQ incubator award, Major Regional Initiative (MRI) funding and funding for our Centres of Excellence projects. The revenue is recognised on entitlement as conditions pertaining to eligible expenditure or milestones are achieved.

(iii) Sponsorship

Revenue is received from third parties to partly cover the costs of running the Company's programmes and projects. Sponsors were linked to the programme and recognised in all promotions associated with the activity they sponsored. Sponsorship is recognised when measurable and probable of future economic benefits being received.

(iv) Fee Revenue

Revenue received from incubator residents which partly offsets the costs of running the incubator. Revenue is recognised when measurable and probable of future economic revenue being received.

(v) Rental Revenue

Revenue received from non-residents of the incubator which covered the costs of their occupancy at the incubator. Rent is recognised when measurable and probable of future economic revenue being received.

(vi) Interest Revenue

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset using the effective

interest method.

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(vii) Capital Raising Success Fees

Fees received from the introduction of companies and individuals to Angel investors. Fees are received when those introduced raise capital. The fee is based on a negotiated percentage of the capital raised.

(viii) Other Revenue

All other revenue received from third parties to cover contracted and other services the Company provided for the third party. Training courses, services provided to Education Wellington International and expenses recovered.

(ix) Revenue in Advance

Revenue received in advance is carried in the balance sheet and recognised to the Statement of Comprehensive Income by reference to the stage of completion of the transaction based on the actual service provided as a percentage of the total service to be provided.

(I) Expenses

(i) Operating Lease Payments

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease.

(ii) Finance Income & Expenses

Finance income comprises interest income that is recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

(m) Income Tax

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted to any difference between the estimated and actual income tax payable in prior periods.

(n) GST

All amounts are shown exclusive of Goods and Service Tax (GST), except for trade receivables and trade payables that are stated inclusive of GST. When GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the Cash Flow Statement on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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4. OTHER REVENUE

| | 2010 | 2009 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Other Revenue | 152,924 | 386,223 |
| Rental Revenue | 800 | - |
| Expense Recoveries | 9,660 | - |
| Gain on Disposal of Fixed Assets | 3,155 | - |
| TOTAL OTHER REVENUE | 166,539 | 386,223 |

5. OTHER OPERATING EXPENSES

| | | |
|----------------------------------|------------------|------------------|
| Audit Fees | 27,200 | 29,484 |
| Communications | 57,879 | 66,808 |
| Computer Services | 62,909 | 60,588 |
| Contractors and Consultants | 303,482 | 452,915 |
| Grants and Business Assistance | 190,070 | 48,892 |
| Marketing | 419,348 | 349,180 |
| Mentoring Costs | 68,296 | 93,618 |
| Occupancy | 73,247 | 58,107 |
| Office Expenses | 92,962 | 79,010 |
| Conference Fees | 8,525 | 17,734 |
| Meeting Expenses | 50,918 | 51,375 |
| Course Expenses | 94,392 | 62,977 |
| Premises Rental | 284,784 | 284,784 |
| Other Operating Lease Rentals | 50,639 | 38,555 |
| Professional Services | 62,678 | 62,835 |
| Project expenses | 568,282 | 649,030 |
| Travel | 116,144 | 153,642 |
| Loss on Disposal of Fixed Assets | - | 7,742 |
| TOTAL EXPENDITURE | 2,531,755 | 2,567,276 |

6. GRANT REVENUE DUE

At balance date the Company was owed \$152,189 (2009: \$356) from the Greater Wellington Regional Council. This amount relates to grant revenue which Grow Wellington Limited was entitled to, but had not been paid at balance date.

7. PERSONNEL COSTS

| | | |
|--|------------------|------------------|
| Salary and Wages | 2,644,848 | 2,645,153 |
| Other Personnel Costs | 103,710 | 49,914 |
| Increase/(Decrease) in Employee Entitlements | 3,571 | 28,884 |
| TOTAL PERSONNEL COSTS | 2,752,129 | 2,723,951 |

8. INCOME TAX EXPENSE

| | 2010 | 2009 |
|----------------------------|----------|----------|
| | \$ | \$ |
| Net Surplus Before Tax | - | (18,682) |
| Tax at 30% (2009: 30%) | - | (5,605) |
| Plus (Less) tax Effect of: | | |
| Non-deductible Expenditure | 15,623 | 31,421 |
| Grant for Fixed Assets | (7,714) | (22,380) |
| Tax Loss not recognised | (865) | - |
| Tax Loss recognised | - | (3,436) |
| Group Tax Loss recognised | (7,044) | - |
| TAX EXPENSE | 0 | 0 |

The Company has made a taxable profit of \$26,363 but after the utilisation of tax losses of \$2,882 and Greater Wellington Regional Council and group tax losses of \$23,481, the company has no tax charge under the income payable method.

| | 2010 | 2009 |
|--|---------------|--------------|
| | \$ | \$ |
| Calculation of Taxable Income | | |
| Net Surplus Before Tax | - | (18,682) |
| <i>Permanent Differences</i> | | |
| <i>Less non-assessable revenue:</i> | | |
| Council contributions | 4,006,989 | 4,113,350 |
| Grant Revenue - NZTE | 960,569 | 680,942 |
| Grant Revenue - FORST | - | 3,397 |
| | (4,967,558) | (4,797,689) |
| <i>Plus non-deductible expenditure</i> | | |
| Operating expenditure relating to grant revenue | 4,941,846 | 4,723,090 |
| Depreciation, amortisation, and loss on disposal of assets | 52,569 | 59,663 |
| Non-deductible Entertainment | 21,197 | 21,275 |
| | 5,015,612 | 4,804,028 |
| TOTAL PERMANENT DIFFERENCES | 48,054 | 6,339 |
| <i>Timing adjustments:</i> | | |
| <i>2010</i> | | |
| Holiday Pay Accrual | 85,375 | - |
| Less: Holidays taken within 63 days of balance date | (39,100) | - |
| Bonus Accrual | 53,170 | - |
| Less: Bonus accruals paid within 63 days of balance date | (53,170) | - |
| <i>2009</i> | | |
| Holiday Pay Accrual | (81,804) | 81,804 |
| Less: Holidays taken within 63 days of balance date | 13,839 | (13,839) |
| Bonus Accrual | (24,170) | 24,170 |
| Less: Bonus accruals paid within 63 days of balance date | 24,170 | (24,170) |
| <i>2008</i> | | |
| Holiday pay accrual | - | (52,920) |
| Less: Holidays taken within 63 days of balance date | - | 21,440 |
| Income in advance | - | (12,688) |
| | (21,690) | 23,797 |
| Taxable Income | 26,363 | 11,454 |
| Tax Loss Utilised | (2,882) | (11,454) |
| Group Tax Loss Utilised | (23,481) | - |
| TAXABLE INCOME (LOSS) | - | - |

13

9. CASH AND CASH EQUIVALENTS

| | 2010 | 2009 |
|--|----------------|----------------|
| | \$ | \$ |
| Cash at bank and in hand | 224,732 | 345,225 |
| Short term deposits | - | - |
| TOTAL CASH AND CASH EQUIVALENTS | 224,732 | 345,225 |

Cash at bank earns interest at floating rates based on daily bank deposits.

Short-term deposits are made for varying periods between 30 and 90 days depending on immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

10. RECONCILIATION FROM THE NET PROFIT AFTER TAX TO THE NET CASH FLOW FROM OPERATIONS

| | 2010 | 2009 |
|--|-----------------|----------------|
| | \$ | \$ |
| Net Profit After Tax | - | (18,682) |
| Adjustments for | | |
| (Gain) / Loss on disposal of assets | (3,155) | 7,742 |
| Depreciation | 33,887 | 27,202 |
| Amortisation | 21,837 | 24,719 |
| Changes in assets and liabilities | | |
| (Increase)/Decrease in Trade and Other Receivables | 2,112 | (63,652) |
| (Increase)/Decrease in Prepayments | 14,890 | 31,327 |
| (Decrease)/Increase in Trade and Other Payables | (2,194) | (175,206) |
| (Decrease)/Increase in Employee Entitlements | (27,890) | 94,887 |
| (Increase)/Decrease in Grant Income Due | (151,834) | 424,072 |
| (Decrease)/Increase in Income in Advance | 12,816 | (47,219) |
| NET CASH FROM OPERATING ACTIVITIES | (99,531) | 305,190 |

11. TRADE AND OTHER RECEIVABLES

| | 2010 | 2009 |
|-------------------|----------------|----------------|
| | \$ | \$ |
| Trade Receivables | 57,527 | 34,808 |
| Other Receivables | 121,271 | 146,102 |
| | 178,798 | 180,910 |

Trade receivables are usually due within 30-45 days and do not bear an effective interest rate.

All Trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the Company, as the Company has a large number of customers. The carrying value of receivables approximates their fair value.

12. TRADE AND OTHER PAYABLES

| | 2010 | 2009 |
|---|----------------|----------------|
| | \$ | \$ |
| Trade Payables | 170,765 | 152,958 |
| Non-Trade Payables and Accrued Expenses | 107,343 | 107,905 |
| | 278,108 | 260,863 |

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

13. EMPLOYEE BENEFIT LIABILITIES

| | 2010 | 2009 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Annual Leave/Holiday Pay | 85,375 | 81,804 |
| Long Service Leave | - | - |
| Accrued Salary and Wages | 111,879 | 143,341 |
| | <u>197,254</u> | <u>225,145</u> |

Management have identified an amount of sick leave liability at balance sheet date but it is immaterial.

14. CAPITAL COMMITMENTS

There were no capital commitments at balance date. (2009: Nil)

15. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

| | 2010 | 2009 |
|----------------------------|------------------|------------------|
| | \$ | \$ |
| Less than One Year | 328,955 | 324,707 |
| Between One and Five Years | 867,813 | 1,172,622 |
| More than 5 Years | - | - |
| | <u>1,196,768</u> | <u>1,497,329</u> |

16. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date. (2009: Nil)

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17. REVENUE IN ADVANCE

Revenue in advance represents funds received for which the contracted work was incomplete at balance date.

18. EWI (Inc) Trust Funds

Represents funds held on behalf of Education Wellington International (Incorporated). They have contracted Grow Wellington to undertake education services on their behalf.

19. CAPITAL MANAGEMENT

The Company's capital is its equity, which comprises share capital and retained surpluses. Equity is represented by net assets.

20. SUBSEQUENT EVENTS

There were no significant events after balance date.

21. DIRECTORS FEES AND EXPENSES

| | 2010 | 2009 |
|---|----------------|----------------|
| | \$ | \$ |
| Murray McCaw (Chairman) | 20,000 | 20,000 |
| Brent Albiston | 15,000 | 15,000 |
| Murray Bain | 15,000 | 15,000 |
| Vivienne Beck | 15,000 | 15,000 |
| John Lumsden | 15,000 | 15,000 |
| John McFadzean | 15,000 | 15,000 |
| Luong Pham (resigned) | 7,500 | 15,000 |
| Paul Swain | 15,000 | 2,500 |
| Total Directors' Fees | 117,500 | 112,500 |
| Directors' Expenses | 7,810 | 5,794 |
| TOTAL DIRECTORS' FEES AND EXPENSES | 125,310 | 118,294 |

22. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

| | 2010 | 2009 |
|---|----------------|----------------|
| | \$ | \$ |
| <i>Loans and Receivables</i> | | |
| Cash and Cash Equivalents (Note 9) | 224,732 | 345,225 |
| Trade and Other Receivables (Note 11) | 178,798 | 180,910 |
| Grant Revenue Due (Note 6) | 152,189 | 356 |
| TOTAL LOANS AND RECEIVABLES | 555,719 | 526,491 |
| <i>Financial Liabilities measured at amortised cost</i> | | |
| Trade and Other Payables (Note 12) | 278,108 | 260,863 |
| TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST | 278,108 | 260,863 |

23. RELATED PARTIES

Grow Wellington Limited had the following transactions with entities related to Board members and senior management

| Services purchased from Related parties | | | | 2010 | 2009 |
|--|------------------------------------|----------------------------------|---|--------------|--------------|
| | | | | \$ | \$ |
| Related Party | Board Member | Relationship | Description | | |
| Wellington Regional Chamber of Commerce | John Lumsden and Nigel Kirkpatrick | Committee Member Board Member | Purchase of membership services | 1,240 | 1,642 |
| 3 Months.com | John Lumsden | Chair | Hosting Creative HQ website | 338 | - |
| India HorizonNZ Ltd | Paul Swain | | Clean Tech Centre of Excellence Research in India | 4,781 | - |
| TOTAL SERVICES PURCHASED FROM RELATED PARTIES | | | | 6,359 | 1,642 |

As at balance date a sum of \$67.50 was owing to 3 Months.com

| Services Sold to Related Parties | | | | 2010 | 2009 |
|--|---------------------|---------------------|--|----------------|----------------|
| | | | | \$ | \$ |
| Related Party | Board Member | Relationship | Description | | |
| Foundation for Science Research and Technology | Murray Bain | CEO | Sale of services to deliver regional technology partner services to regional businesses. | 192,411 | 112,411 |
| TOTAL SERVICES SOLD TO RELATED PARTIES | | | | 192,411 | 112,411 |

With the exception of paying Board Fees, expenses for Board members, and expenses of Senior management there have been no other related party transactions with Board members, their organisation or with staff.

With the exception of council contributions of \$4,006,989 (2009: \$4,113,350) there was no other related party transactions between Grow Wellington Limited and their owner the Greater Wellington Regional Council.

As a matter of practice, where there is a real or perceived conflict of interest for any Board decision the Director notes the conflict and withdraws from any involvement in the decision making.

24. PROPERTY PLANT AND EQUIPMENT

| 30 June 2010 | \$ Carrying Amount 01 July 2009 | \$ Accumulated Depreciation and Impairment Charges 01 July 2009 | \$ Cost or Deemed cost 30 June 2010 | \$ Current Year Depreciation | \$ Accumulated Depreciation and Impairment Charges 30 June 2010 | \$ Carrying Amount 30 June 2010 |
|-------------------|--|---|---|------------------------------------|---|--|
| Motor Vehicles | | 4586 | - | - | - | - |
| Equipment | 11838 | 5139 | 17,049 | 2,596 | 6,987 | 10,062 |
| Computer Hardware | 44885 | 14764 | 74,826 | 20,848 | 33,651 | 41,175 |
| Furniture | 78757 | 13491 | 98,408 | 10,443 | 23,934 | 74,474 |
| | 135,480 | 33,394 | 190,283 | 33,887 | 64,572 | 125,711 |

| 30 June 2009 | \$ Carrying Amount 01 July 2008 | \$ Accumulated Depreciation and Impairment Charges 01 July 2008 | \$ Cost or Deemed cost 30 June 2009 | \$ Current Year Depreciation | \$ Accumulated Depreciation and Impairment Charges 30 June 2009 | \$ Carrying Amount 30 June 2009 |
|-------------------|--|---|---|------------------------------------|---|--|
| Motor Vehicles | 1772 | 2814 | 4,586 | 1,772 | 4,586 | - |
| Equipment | 15275 | 2820 | 16,977 | 2,857 | 5,139 | 11,838 |
| Computer Hardware | 6235 | 8475 | 59,649 | 12,270 | 14,764 | 44,885 |
| Furniture | 92663 | 4740 | 92,248 | 10,303 | 13,491 | 78,757 |
| | 115,945 | 18,849 | 173,460 | 27,202 | 37,980 | 135,480 |

25. INTANGIBLE ASSETS

| 30 June 2010 | \$ Carrying Amount 01 July 2009 | \$ Accumulated Depreciation and Impairment Charges 01 July 2009 | \$ Cost or Deemed cost 30 June 2010 | \$ Current Year Depreciation | \$ Accumulated Depreciation and Impairment Charges 30 June 2010 | \$ Carrying Amount 30 June 2010 |
|--------------|--|---|---|------------------------------------|---|--|
| Software | 30249 | 47458 | 76,936 | 21,837 | 68,524 | 8,412 |
| | 30,249 | 47,458 | 76,936 | 21,837 | 68,524 | 8,412 |

| 30 June 2009 | \$ Carrying Amount 01 July 2008 | \$ Accumulated Depreciation and Impairment Charges 01 July 2008 | \$ Cost or Deemed cost 30 June 2009 | \$ Current Year Depreciation | \$ Accumulated Depreciation and Impairment Charges 30 June 2009 | \$ Carrying Amount 30 June 2009 |
|--------------|--|---|---|------------------------------------|---|--|
| Software | 38383 | 22739 | 77,707 | 24,719 | 47,458 | 30,249 |
| | 38,383 | 22,739 | 77,707 | 24,719 | 47,458 | 30,249 |

26. SUMMARY COST OF SERVICES

| | 2010 | 2010 | 2009 |
|---|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Revenue | Budget | Actual | Actual |
| Council Contributions | 4,250,000 | 4,006,989 | 4,113,350 |
| Developing Centres of Excellence | 2,000,000 | 293,099 | 253,569 |
| Supporting Priority Sectors | 238,000 | 232,640 | 406,389 |
| Grow and Retain Business | 945,000 | 923,593 | 664,083 |
| Grow Broadband | - | - | - |
| Raising the Value of our International Gateways | - | - | - |
| Carbon Neutral Region | - | - | - |
| Other Income | 7,000 | 8,597 | 5,380 |
| | 7,440,000 | 5,464,918 | 5,442,771 |

Major Variances from Budget

Council contributions variance of \$243,011. Savings in delivering our services has resulted in less council funding being used against budget.

\$1,706,901 less revenue in Centres of Excellence against budget because a major project anticipated to occur in the Digital Innovation Centre of Excellence to be funded by Government did not eventuate.

Expenditure

| | | | |
|---|------------------|------------------|------------------|
| Developing Centres of Excellence | 2,680,000 | 968,900 | 1,031,114 |
| Supporting Priority Sectors | 2,230,000 | 2,002,011 | 2,079,034 |
| Grow and Retain Business | 2,400,000 | 2,287,792 | 2,122,376 |
| Grow Broadband | 90,000 | 82,486 | 77,436 |
| Raising the Value of our International Gateways | 40,000 | 41,243 | 38,718 |
| Carbon Neutral Region | 0 | 82,486 | 112,775 |
| | 7,440,000 | 5,464,918 | 5,461,453 |

Major Variances from Budget

Variance \$1,711,100 in Digital Innovation Hub Centre of Excellence because a major project did not eventuate.

Variance \$227,989 in Supporting Priority Sectors because savings made in delivering projects.

Variance \$112,208 in Grow and Retain Business because savings made in delivering projects.

Variance \$82,486 in Carbon Neutral Region because no budget in the SOI for this project.

27. FUNDING DEED

The Company operates a Funding Deed with the Greater Wellington Regional Council, by which the company is reliant for a large part of its revenue. The Company is managed as a public benefit entity, and the Council may adjust its funding to the company in any financial year if it believes that the Company has failed to carry out its obligations and responsibilities under the Funding Deed or a default event has occurred.

The Funding Deed is for an initial term of 5 years, expiring on 30 June 2012, but may be extended for a further period, subject to a review in 2011 and to an agreement between the parties.

Based on budgets and intents for the year to 30 June 2011 and a year beyond there is no intent to record a deficit.

It is managements and the Directors intent to maintain a positive or neutral equity position for the life of this company.

28. DISCONTINUED OPERATION

The company on 01 July 2010 set up a 100% owned subsidiary called Creative HQ Limited. Grow Wellington will be transferring the business incubation services to the new company. A service level agreement will exist between the parent and the subsidiary. This agreement will outline the services that the parent will undertake for the subsidiary and the cost of those services. The agreed amount will be recovered in a management fee on a monthly basis.

Auditor's Report

Grow Wellington Board Members

Murray McCaw (Chairman)

Murray McCaw is a Director of Cormilligan Group – a privately owned consulting company established in 1998 to provide governance skills and strategy advice to New Zealand and Pacific based businesses. Prior to taking up the role as Chair of Grow Wellington in 2007, Murray had chaired the Wellington Regional Strategy Forum for three years. The Forum developed the Wellington Regional Strategy. He is a graduate of Harvard Business School and is also a Director of Bay of Many Coves Resort Ltd, BOMC Properties Ltd and Mitsubishi Motors NZ Ltd and a Trustee of Sport Wellington Region and Hawke's Bay Sports Park Trust.

Brent Albiston

Brent Albiston is Chairman and Managing Director of Radiola Aerospace Limited, an aviation services company which sells aeronautical navigation aids and flight inspection services in New Zealand and internationally. Brent was a Board Member of Business Porirua from 1995, resigning as Deputy Chairman in 2007. He is a Chartered Accountant and a Fellow of the New Zealand Institute of Management. He is also an NZIM Mentor, and Chairman of Sticky Pictures Ltd

Murray Bain

Murray Bain is CEO of the Foundation for Research Science and Technology, having previously been Assistant Governor of the Reserve Bank. He has a strong banking finance and IT background and held a variety of senior positions in the Trust Bank Group over a number of years. He has also been director of a number of companies, including the Institute for Environmental Science and Research. Murray was a Trustee of Positively Wellington Business.

Viv Beck

Viv Beck trained as a journalist and completed a degree in economics at Victoria University. She's had a varied career and now works in her own business after co-writing and successfully launching a leadership book for women starting out in their careers. She was Chief Executive of design and print agency Communication Arts for five years and prior to that, held senior leadership positions at New Zealand Post. Viv is Chair of the Wellington Museums Trust, which operates the largest grouping of arts and cultural visitor attractions in Wellington.

John Lumsden

John is Chair of Moxie Communications Ltd, Virtual Expos New Zealand Limited, and the Advisory Board of Productspec Limited. He is a Past President of the Wellington Regional Chamber of Commerce, participating on the Board Committee that managed the merger with the Employers and Manufacturers Association. Until early 2007 he was the Chief Executive of the Meteorological Service of New Zealand Limited, a position he held since it was established as a State Owned Enterprise in 1992.

John McFadzean

John McFadzean was born and educated in the Wairarapa, and has been involved with agriculture all his life. John owns and operates three sheep and cattle properties in the Wairarapa and he won the 1993 Wairarapa Farmer of the Year Award. He set up and continues to manage three forestry partnerships involving 100 partners. These forests are recognised as high growth and high quality plantations. He has been a member of various local body sub committees and is active in community service.

Tan Pham

Tan Pham is a consulting engineer and a former Director of the Association of Consulting Engineers (NZ). Most of his recent work has been in the Pacific and Southeast Asia, in the areas of seismic engineering, rural water supply, electrification and natural hazards. Tan obtained his engineering, finance and economic degrees from the Universities of Auckland, Victoria and Massey. Tan is currently working in Vietnam as a Managing Director of CPG Vietnam, a subsidiary of Downer.

Paul Swain

Paul Swain was a member of the New Zealand Parliament from 1990 to 2008. He was a Cabinet Minister from 1999 to 2005 holding a number of portfolio responsibilities including Commerce, Communications, Information Technology, Transport, Immigration, State Owned Enterprises, and Associate Economic Development. Paul is a part-owner and Director of HorizoNZ Limited. He also has his own consulting business and has recently been appointed by the Government as a Chief Crown negotiator for Treaty of Waitangi Settlements. Paul is a member of the Institute of Directors.

COMPANY DIRECTORY

ADDRESS

Level 5, 50 Manners Street
PO Box 10-347, Wellington 6143, New Zealand

Phone +64 4 382 0099
Fax +64 4 382 0098
Email info@growwellington.co.nz

INCORPORATION

Incorporated under the Companies Act 1993 on 5 April 2007 at Wellington, New Zealand and changed its name to Grow Wellington Limited on 25 February 2008.

Incorporation Number 1921097
IRD Number 97-012-067

The Company is wholly owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Directors.

The registered office of the Company is 142 Wakefield Street, Wellington 6011, New Zealand.

ACCOUNTANTS

Grant Thornton, Chartered Accountants, Wellington

SOLICITORS

DLA Philips Fox, Barristers & Solicitors, Wellington

AUDITORS

Audit New Zealand, Wellington
On behalf of the Auditor-General

BANKERS

The National Bank of New Zealand,
1 Victoria Street, Wellington 6011
Part of ANZ National Bank Limited

INSURANCE BROKER

AON New Zealand Limited, Wellington

Back cover

Same as 08/09