

# Offshore expansion for Ellen Jay

Great businesses start with crisp concepts. But sometimes where great ideas begin is also where they finish in – in the mind.

FOR natural health and beauty company Ellen Jay, bringing an idea to the shelves of its domestic and international outlets involved a whole lot of confidence in the product.

Ellen Jay managing director James Redding, says the process began rather altruistically. It was while looking for a natural product for his daughter's nappy rash that he cottoned onto the idea of the company's flagship product The Invisible Glove. After think-tanking with his father Les, the pair set out to unearth the most natural product they could develop.

As an alternative natural cream to the petroleum-based products on the market, it has proved a hit with parents worldwide.

Geared for a potential AIM listing, the company is on the cusp of signing a distributor deal in the UK for 330,000 outlets. Other countries are banging on the door at Ellen Jay, with China, Lebanon and Thailand also queueing up for the product.

With fast food conglomerates also interested in the Invisible Glove for its staff to prevent skin irritation, the company is poised for 400 per cent growth over the next 12 months, with profits forecast of around \$5 million.

"Skin irritation and blisters from wearing gloves is the No.1 cause of absenteeism at McDonalds and Hungry Jacks and we aim to rectify that," says Redding.

The company recently signed an exclusive \$9.5 million distribution deal with New Zealand's largest pharmacy and health store wholesaler. Crombie and Price, which services all the 800 pharmacies and 300 health stores throughout New Zealand, will distribute the company's products.

Under the Naturalene banner, the range includes a body wash, shampoo, insect repellent and decongestant.

Ellen Jay has agreed to supply its range of products to both Symbion Pharmacy Services and the Sigma Pharmaceutical Group, which combined represents more than 7500 chemists Australia wide.

The company has expanded over the past two years which includes taking larger production facilities in Loganholme and the purchase and installation of new manufacturing and bottling equipment to meet increased demand.

It became a limited company in April 2007 and released its first public share offer. The offer was filled and oversubscribed in two days. The injection of funds has facilitated substantial improvements in the business and the potential for exponential growth is high.

Company growth has been realised



Ellen Jay's Les Redding preparing the company's signature Invisible Glove product

following two successive rounds of oversubscribed capital raisings through ASSOB.

Redding says it delivered first round investors an increase of 2000 per cent with shares re-selling through ASSOB's secondary sales board for up to 20 cents a share.

ASSOB CEO Paul Niederer is banking on more companies like Ellen Jay to help bolster growth in the ailing venture capital market.

"It was buoyant before the crunch but it has picked up recently," he says of the lower end capital raising landscape.

"It's hard to pick the commercialisation of a product. Further down the track it will be more like matching companies. One of these services is an executive talent matching service designed in a similar vein to other well-known employment matching websites."

Last year, 82 companies listed on ASSOB's primary offering board with more than 85 per cent of new listings successful in raising capital. ASSOB's value is now worth more than the Bendigo Stock Exchange (\$469 million) and sits just behind Australia's second largest trading board, the National Stock Exchange (\$800 million).

"We have streamlined the structure and raised awareness to improve the legitimacy of the offer. Instead of guarding the IP, we have actually opened it up," says

Niederer of the structural changes to the business.

"For a long time now the sector has not been properly understood, and our aim is to ensure both company founders and investors have access to tools that will help them grow, ultimately boosting the sector.

"Given the current financial climate, with cash and listed companies proving volatile, the unlisted sector is offering excellent opportunities over and above these traditional investment channels."

Niederer says most of the new initiatives will support high-growth companies to attract seed, expansion or special project equity capital. ASSOB has also established a company governance service designed to assist new company directors with their compliance duties.

"When a company raises capital from individuals or institutional investors, good corporate governance is essential and many directors simply don't understand their responsibilities in this regard," says Niederer.

ASSOB director Tony Puls, says a change to the platform provides new opportunities to professional service firms that are looking for a different source of revenue.

"We're seeing a real tightening of access to capital – high-growth companies are really suffering at a time when they most need expansion funding," he says.