



SKINS game ... Linda Lowndes of Microskin has developed a simulated second skin product.

Picture: James Robertson

Microcap seeks growth funding

Alex Tilbury

BRISBANE microcap Microskin is looking for shareholders to help it raise \$500,000 to spearhead its expansion into New York and further franchising opportunities.

The Wavell Heights business which has received worldwide attention for its "simulated second skin" has already raised \$250,000 via offering 6¢ shares.

The first share offering was snapped up by investors — mostly family and friends of company founder Linda Lowndes — in under two days and its 8¢ shares are now on offer via the Australian Small Scale Offering Board.

The average investment per investor is \$25,000 for a foothold in one of Brisbane's best success stories, which is planning a listing in two years' time on the Alternative Investment Market, a sub-market of the London Stock Exchange.

An ASX listing is likely down the track.

Microskin is a simulated skin, able to camouflage 16 different skin conditions, including vitiligo,

burns, birthmarks, scars, skin grafts and rosacea.

With one clinic now operating in Brisbane, Microskin is about to open another franchised clinic in Adelaide and another in New York.

Vitiligo is the patchy loss of skin pigmentation due to an auto-immune attack by the body's own

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Barry Lowndes

immune system on the skin.

It frequently begins in late adulthood, with patches of unpigmented skin appearing on extremities.

About 1 to 2 per cent of the population experience this and can benefit from Microskin.

The business earns its income from consumers who pay a \$500 joining fee for a two-day training course and then a monthly sub-

scription of between \$150 and \$550, depending on their level of need.

Worldwide there are thought to be more than 100 million people with the vitiligo condition.

The \$500,000 raised — which represents 9 per cent of the company — will help finance the impending international clinics

and further proposed medical studies by burns specialists Professor Roy Kimble and Dr Robert Sinclair.

Microskin director Barry Lowndes says studies of Dr Kimble's first trial of Microskin two years ago were so well received internationally that the demand had been unprecedented.

"The burns doctors have never seen anything like it. It's unique,"

Mr Lowndes says.

Microskin does not have any medical applications, it is purely cosmetic but entirely waterproof and won't rub off on clothes, enabling people to feel better about themselves and get back to work. People can even shave with it on.

The skin is sprayed on and lasts for a few days before needing to be replaced.

Mr Lowndes says the company has focused on its first clinic in Brisbane which received a high degree of interest.

"To this end we have not been sufficiently resourced to pursue these opportunities seriously and will use the capital raised to finance the company's national and international growth."

Microskin — tested in clinical trials at the Royal Children's Hospital in Brisbane in conjunction with the Department of Psychiatry at the University of Queensland — has been heralded as a breakthrough in the minimisation of psychological damage arising from burns injuries.

www.assob.com.au/microskin

Innovative way for unlisted firms to fund expansion

Alex Tilbury

FOR years, Australian small and medium-sized companies have been left with few options to fund innovation and growth.

Banks rarely lend without property as security and venture capital firms are hard to negotiate with and can be slow to make decisions.

After lobbying government and corporate regulators for more than 23 years, Tony Puls created the Australian Small Scale Offering Board, with its administrative head office on the Gold Coast.

ASSOB offers are for unlisted companies, meaning there is no established market for the sale and purchase of their shares and they are not regulated by the Australian Securities Exchange.

An ASSOB spokesman says just because a share has a low price, it doesn't necessarily mean it's cheap.

"While some investors are price buyers, smart buyers look for value. The first question is, how do I know if this share is worth the asking price?"

"It is our view that any company you invest in should be able to pay you a fully franked (tax paid) dividend of at least 20 per cent on your investment within two to four years.

"This is fairly high by investment standards. However, these are generally early-stage, high-risk companies and the higher return should reflect and compensate for this risk."

ASSOB emerged in 2004 and is now the largest capital-raising platform for unlisted companies in Australia.

Through ASSOB an unlisted company is able to raise up to \$5 million each

Easing the pain

SMEs hunting for cash need:

- A sound business model
- Good management and planning
- To find capital but want to maintain control

Private company investors need to ask:

- Does the company have a business plan?
- How does it make money and earn revenue?
- What do the cash flow projections look like? Are they realistic?
- Has an enterprise valuation been done?
- What evidence is there among the key executives that they know how to make a profit?
- Who are the competitors and how does this company compare in terms of its product offering, service and price?
- What risks does this business face and how are they addressed by management?
- When and how do you plan to exit this investment?

Source: ASSOB

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Longer and longer to pay bills

SMALL business owners know full well how hard it is to get paid promptly.

But a new survey shows payment terms at a seven-year high and almost four weeks past the standard term.

Dun & Bradstreet's quarterly trade payment analysis reveals that payment terms across all industries are at 55.6 days,

an increase of three days since the June 2007 quarter.

Private companies averaged 60.9 days to settle accounts in the June quarter (double the standard term) while public companies took 58.0 days.

Suppliers of big business are facing the greatest burden as those companies with 500+ employees

continue to be the worst payers — they averaged 60.7 days to settle accounts in the June 2008 quarter.

Electricity, gas and sanitary services are slowest to pay at 58.7 days. Meanwhile, the agriculture sector continues to be quickest to pay. It is the only industry to pay its bills in less than 50 days.

Alex Tilbury

