

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Grow Wellington Limited for the year ended 30 June 2009 included on Grow Wellington Limited's web site. The Board of Grow Wellington Limited is responsible for the maintenance and integrity of the Grow Wellington Limited's web site. We have not been engaged to report on the integrity of Grow Wellington Limited's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 August 2009 to confirm the information included in the audited financial statements presented on this web site.

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GROW WELLINGTON



ANNUAL REPORT 08/09

GROW WELLINGTON FOR THE
FINANCIAL YEAR ENDING 30 JUNE 2009

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CHAIRMAN'S MESSAGE



The Wellington region is geographically more compact than most large capitals and their outer regions and yet, within the boundaries of this space, stands an extraordinary mix of Government, the arts, science, entrepreneurs, corporate, rural industry and small business.

To say 'from Wellington' telegraphs a person, a business, an education that is sophisticated, clever, individual, reliable and at the heart of the action.

In fact, Wellington is one of the very few bright places on the planet – a place where intellect, creativity, lifestyle, education, commerce and governance thrive alongside each other and feed each other's success. On any given day, some of the world's most exciting conversations take place here.

It is these exciting conversations that underpin our region's incredible creative talent and entrepreneurial success. Working here says connected, generous, flexible and motivated and Grow Wellington continues to capitalise on these unique competitive advantages by facilitating and inspiring high growth businesses.

For example, Grow Wellington's vision for the Centres of Excellence programme is a long term one to secure large scale industries in the screen and digital, biotechnology and clean energy sectors. However significant initiatives, like the creation of the New Zealand Institute of Screen Innovation (NZISI) and the Health and Education Research Collaborative (HERC), means we are seeing innovations in industry practice and infrastructure that were unexpected in such a short period.

As you will see from the highlights reported here, Wellington is a region of choice for imaginative people. Thinking and achievement radiate out across the country and the world. From world-changing innovation in the screen and digital sector to research that is altering humanity's outlook, Wellington is a place driven by ideas, intellect and international competitiveness.

The Board is extremely proud of the work Grow Wellington is doing. I would like to acknowledge the effort and contribution of my Board colleagues and Grow Wellington's staff. Their commitment to success is exceptional.

A handwritten signature in black ink that reads "Murray McCaw". The signature is written in a cursive, flowing style.

MURRAY McCAW

CHIEF EXECUTIVE'S OVERVIEW



In our second year of operation, Grow Wellington has consolidated its focus on high growth, inspirational businesses. Our emphasis has been on businesses with export potential because, while the global financial crisis presents us with a very challenging economic environment, we still believe this is the road to sustained growth in our region.

Wellington's intimacy, the relative ease of moving around the region and the generous spirit of its inhabitants means that there is a remarkable cross fertilisation of ideas, discussion and debate. Grow Wellington's role is to encourage this generosity by connecting, inspiring and facilitating high growth businesses. Our annual survey of clients and stakeholders reflects the positive impact we are having, with 84% of respondents saying they would recommend Grow Wellington to colleagues or other businesses. As outlined in this report, our programmes and projects are delivering excellent results, leading to new innovations, creative and scientific breakthroughs, and significant new commercial enterprises in our region.

Activate was rolled out across the entire region during the year. This four-month programme is designed to give entrepreneurs the chance to activate their bright business ideas. During the year, a total of 40 businesses graduated from Activate programmes across a range of sectors, including apparel, cosmetics, health, food, recruitment, sustainability, telecommunications, tourism and the Internet.

Creative HQ's focus remains firmly on facilitating and driving rapid early stage business development. Creative HQ is currently incubating 15 high growth potential ventures, and this number will increase to 30 ventures over the coming year. Creative HQ alumni businesses continue to shine with annual revenues that grew by 45% compared to last year. These revenues are now in the tens of millions, with 40% of them export-based.

One of Grow Wellington's most exciting achievements this year has been the establishment of the Accelerate service, a key part of the Grow Wellington team that provides flexible support services for businesses in the Wellington region who are exporting, or have export potential. Accelerate is targeted at businesses that aspire to be the best, and have the potential to achieve significant scale and growth.

A highlight for Education Wellington's year was hosting Agent and Alumni functions in Hanoi and Ho Chi Minh in June. Thirteen institutions from across the region, including all of our major tertiary providers were represented. By working collaboratively as a Wellington collective in Vietnam, we were able to build an impressive profile for the region and we look forward to welcoming more Vietnamese students here.

“84% of survey respondents saying they would recommend Grow Wellington to colleagues or other businesses.”

Developing an annual Wellington cuisine festival was a noteworthy initiative for the Food and Beverage sector. Wellington on a Plate is a joint venture with Positively Wellington Tourism aimed at encouraging diners to discover the many and varied options of Wellington's food scene and raising the profile of the region's food and beverage producers and suppliers. Another highlight in this sector was working with Australian actor/presenter Paul Mercurio, who came to Wellington to film an episode of his food television show, *Mercurio's Menu*. Filming involved around 20 local producers and suppliers and the show has more than one million viewers in Australia alone. Grow Wellington also remains committed to completing the Wairarapa Cuisine and Fine Wine Major Regional Initiative.

Film Wellington was involved in AnimfxNZ 2008 and hosted the Association of Film Commissioners' International 33rd Annual Cineposium Conference which attracted members from 20 countries, and represented more than 55 film commissions. These events were hugely successful and a targeted way to tell the region's film story and connect local industry with international opportunities.

Angel investment plays a vital role in helping the inspiring entrepreneurs in our region to 'go global'. Angel HQ is now fully embedded as the Wellington region's angel investment club with 25 active members and robust support from the region's wider community.

A key initiative in the manufacturing sector has been the development of a programme to place graduates into manufacturing companies on six month projects focusing on productivity and efficiency improvements. Grow Wellington has successfully secured Government support for this

programme through the Ministry of Social Development and Technology NZ which has made the placements more affordable for the companies involved.

The irrigation project in the Wairarapa is now receiving increased interest from Government as it considers infrastructure investment associated with a review of water management processes. Greater Wellington Regional Council is leading the project in partnership with the Wairarapa Regional Irrigation Trust and with ongoing support from Grow Wellington.

Grow Wellington's focus on inspiring high growth businesses is clear. I am confident we will see our programmes and projects continue to be successful and contribute towards a prosperous and sustainable regional economy.



NIGEL KIRKPATRICK

The Wellington Regional Strategy and Grow Wellington

The Strategy (WRS) identifies a number of activities and partnerships which will drive the Wellington region’s success. The following diagram sets out how our organisation will contribute.





**REPORT ON
PROGRAMME OUTCOMES**

Grow Wellington's vision for the Centres of Excellence programme is a long term one to secure large scale industries in the screen and digital, biotechnology and clean energy sectors.

However, significant initiatives and interventions in each of these specialised fields means we are seeing innovations in industry practice and infrastructure that were unexpected in such a short period.

SCREEN AND DIGITAL ENTERTAINMENT

The screen industry, which draws together the strengths in film, gaming and digital entertainment, has seen the creation of the New Zealand Institute of Screen Innovation (NZISI). With the support of Grow Wellington, this new national industry membership body has selected key programmes to create the right environment in which all industry participants can thrive and organisations and people in the sector can realise their potential.

The NZISI vision is to become a national digital entertainment and content sector that is the most respected and strongest in the world. Successes during the past year include:

- Attending the Digital Entertainment Leadership Forum in Hong Kong
- Signing MOUs with Korean and Hong Kong industry sector agencies
- Establishing a skills development programme linking tertiary institutions with industry
- Gaining support from NZTE to develop a business case for a Digital Innovation Hub
- Developing a programme for the creation of a venture fund to support development of new intellectual property.

Another key vision of NZISI is of a national industry generating more than \$1b annually in the Wellington region alone, and vastly more throughout the country by 2015.

BIOMEDICAL INNOVATION

Wellington has traditionally been well placed to leverage the research and innovation in biomedical science, and the Centres of Excellence programme has been accelerated through Grow Wellington's activities to facilitate the formation of the Health and Education Research Collaborative (HERC).

This group has brought together for the first time the leadership of the Capital Coast District Health Board, Victoria University, Otago Medical School (Wellington) and the Medical Research Institute and some commercial entities, and with the support of NZTE, Grow Wellington is coordinating the business case for substantive public sector funding support for what will become a hub of innovation, clinical research and commercialisation.

CLEAN ENERGY

The advisory panel for the Centre of Excellence in Sustainable and Renewable Energy has identified that key support is needed for demonstration and catalytic programmes, including a proposed Clean Energy Incubator in Kapiti, a feasibility for a Marine Energy Testing Centre, a professorial chair of clean energy in the region and other projects that will develop capability. Grow Wellington is leading activities that will showcase these early programmes and help seed this next significant area of industry and economic focus for the region.



HERC PUSHES SCIENTIFIC BOUNDARIES

Think cutting-edge, world-changing scientific discoveries are only made in major overseas cities? Think again.

The Wellington Health and Education Research Collaborative (HERC) is currently being facilitated by Grow Wellington as a 6,000sq metre hub for health-related, bio-innovation collaboration. Located at Wellington Hospital, the HERC aims to advance research and clinical trials, provide a centre for start-up biomedical companies, attract capital venture partners and quality medical personnel to the Capital. Not to mention improve health care delivery to New Zealand patients and elevate the status of Wellington Hospital as a teaching base.

As a physical hub housed in the Clinical Services Block and Ward Services Block of Wellington Regional Hospital, the Wellington HERC will bring together New Zealand's internationally recognised researchers and educators from public hospitals, research institutes, CRIs, universities and private enterprise, and provide direct access to hospital-based care for clinical trials and educational development.

Establishing this hub where collaboration, research and education can take place is a critical step for New Zealand to capitalise on its strong

track record and significant talent pool in the development of new therapies and medical practices. It aims to foster the sharing of knowledge, skills and expertise across the scientific, academic and health services and to ensure the commercialisation of new techniques and products.

New discoveries, methods and technologies will be incubated, generating strong, New Zealand-based health companies.

The HERC Centre will be unique in Australasia, in that the teaching of nurses and clinicians alongside cutting-edge research from the discovery and pre-clinical stage through to clinical trial activity, will all be located within the campus of a leading public hospital.

Funding for this project will be through contribution by central Government agencies responsible for tertiary education, research and science, and economic development and will be matched by the HERC stakeholders' own resources and private investment.

It is envisaged the HERC will be aligned with other health innovation hubs being proposed or established in Canterbury and Auckland.

The 2008/09 year was focused on completing the irrigation technical feasibility review and using that as a basis to consider the economics of the scheme.

The report commissioned by the Wairarapa Regional Irrigation Trust and Meridian Energy in March 2008 confirmed the viability of the scheme and indicated that the major resource management issues will relate to water use on the land.

In early 2009, the Greater Wellington Regional Council committed to taking a leadership role in the project in partnership with the Trust, with ongoing support from Grow Wellington. This will assist in any approaches to Central Government for support for the project. There is an increasing interest from Government in infrastructure investment associated with a review of water management processes, and the project in Wairarapa will be well placed to take advantage of any opportunities that arise from this.

The economics of farming have changed significantly over the 2008/09 year but the fundamental demand for the reliable production of high quality food products remains; the provision of regional scale irrigation will allow the Wellington region to be part of this in the long-term.



A HARD AXE TO FOLLOW

Take a hunk of steel and turn it into arguably the world's best saws and axes.

It's a challenge that small Wairarapa company Tuatahi Racing Axes and Saws has not only risen to, it has exceeded.

Exporting around 90% of the manual saws and axes produced at its Masterton factory to 20 countries worldwide, Tuatahi now supplies everyone from the US Forest Service to Peter Jackson's *Lord of the Rings* movies.

And they're the weapon of choice for the top wood-chopping competitions all over the globe. It's how the founder of the family company, Eddie Fawcett, got into the business in the first place.

His daughter Jo, who along with her brother Grant, now helps the business, says Eddie started the company after his fellow competitors asked him to fix their inferior imported axes.

"Dad started out as a saw doctor but has always competed in wood-chopping competitions. He saw a business opportunity when other competitors came to him with their chipped axes. He would try to repair them and they would fall apart, so he decided to make his own," says Jo.

That was almost four decades ago, and since then the company has grown from strength to strength and now is considered the foremost supplier of racing axes and saws in the world.

In fact, demand is such that the company is in the process of creating its own automated system for grinding saws and is working with a local engineer to do so.

Assistance from Grow Wellington, the Foundation for Research, Science and Technology and TechNZ's capability investments has helped with this R&D.

"We need to get our product quicker to our export markets, but we will still retain the personal Tuatahi touch. We are hugely indebted to the business development support and advice we received from Grow Wellington's Ruth McDavitt in helping us make this major shift," says Jo.

Tuatahi also worked with Wellington's Export Bridge, a company that pairs registered companies with a team of students at participating universities who then work to assist the client company reach specific goals in the students' local market. In the case of Tuatahi, that was the students at San Diego University.

"The report we received back from San Diego regarding marketing and potential sales markets for our work saws in the USA brought about some very exciting results," says Jo.

"As a result, we have developed a new line of work saws which are currently being tested with the US Forest Service."

MANUFACTURING SECTOR

As expected, there has been a re-focus of activity in the manufacturing sector to define a small number of significant projects that can make a long-term difference to the viability of the sector.

The sector itself has been under severe pressure as the global economic downturn has impacted on both domestic and export demand. However, there are bright spots, particularly in the food processing area, that give cause for a positive outlook.

The major project has been the development of a programme, *Optimising Manufacturing*, to place graduates into manufacturing companies on six month projects focusing on productivity and efficiency improvements. Grow Wellington has successfully secured Government support for this programme through the Ministry of Social Development and Technology NZ which has made the placements more affordable for the companies involved.

The company interaction involved in the process of developing this significant on-going programme has allowed several manufacturers to be referred to other business development services from within Grow Wellington or externally.



OPTIMISING MANUFACTURING

Increasing the productivity and capability of Wellington's manufacturing sector by connecting skilled graduates with businesses is the aim of the Optimising Manufacturing scheme.

Grow Wellington plans to launch the management development scheme in August, as a way of addressing productivity and capability issues in the manufacturing sector.

Geoff Copps, Grow Wellington's Sector Manager – Primary and Manufacturing, says university graduates will be placed in manufacturing companies where they will gain industry experience and at the same time receive relevant professional development in manufacturing and specific training disciplines.

“We're keen to expose these potential leaders to established businesses in the Wellington region and at the same time to expose businesses to innovative and new approaches.”

Four graduates per intake will enter a two-year contract that entails working for six months in four Wellington manufacturers, where they will participate in both in-house learning and external professional development.

Each trainee will make a specific commitment to the programme, says Geoff.

“They will certainly bring another dimension to the businesses where they are placed. We've got a lot of line managers in industry but not that many with degrees, so the scheme is aimed at boosting that professional capability and taking advantage of market opportunities that exist,” says Geoff.

At the end of the two-year programme, trainees will get the opportunity for permanent employment, firstly by the businesses they've been placed with, and then on the open market.

“We're excited about this programme and the potential it has for both the region's graduates and for our manufacturing sector.”

The scheme has also been endorsed by the Employers and Manufacturers Association (EMA). CEO of EMA Central, Paul Winter, says it looks set to be a winner for everyone involved.

“I'm hoping that the scheme will facilitate the development of a pool of talent that receives mentoring and development, both internally and externally.”

Education is a major export earner for New Zealand, last year contributing \$2.2 billion dollars to the national economy, making it our fifth biggest export earner.

At a regional level, international students have a significant role to play in growing our regional economy. Over the last year, Education Wellington has been working hard to support our institutions to maximise our international student numbers.

In October, we produced a three minute promotional film clip that is being used to tell our region's education story. This has been distributed globally and is supported by a range of other collateral that is now displayed in agent offices around the world. Since being on YouTube the film has had more than 4,500 views and climbing. More than 1,000 people from more than 50 countries have signed up to receive our regular electronic news update.

In November, Education Wellington represented the region at ICEF Berlin, the world's biggest Agent Workshop. A total of 32 one-on-one meetings were held at this event, with a further 40 agents requesting information on study opportunities in the region. Wellington-specific agent training workshops were also delivered in Hamburg and Cologne.

In April, we hosted a familiarisation tour for seven agents and a Vietnamese film crew following the Australia New Zealand Agent Workshop in Auckland. While in Wellington, the agents had the opportunity to visit local institutions. Seven institutions signed agency agreements following the tour.

As part of Education Wellington's Vietnam focus, we hosted Agent and Alumni functions in Hanoi and Ho Chi Minh in June. Participants included 13 institutions from across the region, including all our major tertiary providers. By working collaboratively as a Wellington collective in Vietnam, we were able to build an impressive profile for the region, and initial feedback indicates that this approach to the market will serve us well. We look forward to welcoming more Vietnamese students to the region.

Our strategy for increasing international student numbers has been developed in close consultation with the Education Wellington Board chaired by Brian Lynch.



COLLECTING QUALIFICATIONS

Other people like to collect stamps and teaspoons, but international student Xiaoyan Ni is busy collecting qualifications.

The 26-year-old, who goes by the nickname of Happy, is on the home straight of a BCA majoring in information systems at Victoria University. This followed the NZ Diploma in Business and NZ Diploma in Management and Marketing qualifications she completed in 2005, two years after arriving in New Zealand from China.

She's currently completing a Bachelor of Information Technology (BIT) at WelTec and is hoping to start her BCA Honours degree next year.

And all that on top of a full time job as an International Enrolment Officer at WelTec, where Happy advises students just like herself about their academic and personal choices.

"When I first arrived at WelTec in 2003, I remember dealing with the Enrolment Officer. She was very helpful and during that year I had some personal injury issues which meant I couldn't attend classes for a while, and she helped me through that," says Happy.

That experience inspired her to take on the role when she saw it advertised almost three years ago.

"I saw it as my opportunity to do the same for other students and it's been great here. I love my job and helping students make the right choices, not only with regards to which course they are going to take but also in advising them about future careers and helping them to fit into New Zealand."

She's as sunny natured as her name suggests, but if Happy was to nominate one regret, it's that she didn't pursue her first love of design as a career.

"I wanted to be either an architect or a clothing designer but all my friends were doing business study when I got here so I followed them into it. But things have worked out well for me and I love my job so this path was right for me after all!"

Happy says she is pleased she selected Wellington as a place to live and study.

"Wellington has been perfect – it's not too big so I'm easily able to get to University and I've just bought my first house in Tirohanga, so I guess you could say I'm well and truly settled here now!"

Our focus over the past year has been in the areas of education ICT products, offshore training and education programmes, and the spatial sector. Over time, we expect to extend this reach to include such areas as academic IP, publications and education games.

EDUCATION ICT PRODUCTS

While this sector is rich in knowledge, expertise and IP, we have been helping both new and established companies to develop more export-ready products. We helped Learning Source, a brand new training management software developer, with grant assistance, marketing focus groups, strategy discussions and connections until its successful launch in May 2009. We also worked with more mature organisations like South Pacific Press and Educating NZ to develop market entry strategies and connect them to international partners.

OFFSHORE TRAINING AND EDUCATION PROGRAMMES

Our major focus has been on India for our offshore training and education programmes. Projects were initiated between Massey University and WelTec with Indian institutions such as Loyola College in Chennai and St. Joseph's in Hyderabad. Collaboration occurred across consulting, transfer programmes and curriculum development. Programmes of interest include journalism, communication studies and an engineering finishing school.

SPATIAL SECTOR

Wellington is seen as a hub of the spatial sector capability in New Zealand. Nationally, the sector has not taken full advantage of the export opportunities open to it. A report commissioned by Grow Wellington from Bill Robertson, a prominent figure in the sector, identified a lack of leadership, collaboration and coordination as a major reason for failure. To rectify this and prevent further lost opportunities, the report recommends a Spatial Centre of Excellence based in the Wellington region. We have been encouraging collaboration between central Government, industry, education and research institutes. A particular highlight was facilitating the inaugural Spatial Industry Business Association meeting in Wellington. This association will now provide a clear voice for industry. Grow Wellington has also initiated talks between Government, academia and industry to identify a project that can act as catalyst for creating a Centre of Excellence.



SUCCESS IN SINGAPORE

South Pacific Press, world leaders in providing research-based resources and services to teachers and learners, is about to extend its global reach with the foundations of a distribution agreement made in Singapore.

On the back of a visit to Singapore by Grow Wellington staff last October, the Director of South Pacific Press, Neale Pitches, was given key contacts to follow up.

“I was able to research the contacts from here, target the ones that aligned with our offering and then I made a trip to Singapore myself in April, with a concrete contact rather than just prospecting for a client,” says Neale.

The trip was highly successful on four counts. Neale was able to:

- Make links with a local Singapore company – a potential distributor – who has strong links into schools and a track record in distribution
- Connect with the Singapore Ministry of Education and work on aligning the South Pacific Press resources with the new Singaporean curriculum
- Connect with an experienced on-line publisher who is interested in funding the on-line delivery of South Pacific Press products – particularly digital texts
- Meet with NZTE in Singapore and subsequently register on the Singaporean Government Tender Site and monitor it for opportunities.

The aim of South Pacific Press is to raise student achievement in literacy by providing engaging, world-leading literacy resources that delight and educate learners, and their clients, in New Zealand and around the world.

They have developed a mixed-media reading comprehension resource (CSI Comprehension Strategies Instruction), which includes digital texts for classroom shared reading across social studies, science, maths, and English. The texts are interactive whiteboard-enabled and include embedded video, audio, and hypertext word and picture glossaries to enhance meaning and encourage authentic enquiry learning.

Research has shown that peer discussion provides opportunities for children to grow cognitively, socially, and effectively.

“In CSI, students learn from each other, from teachers and from the text. The resources we have developed encourage looking to all these sources for comprehension,” says Neale.

South Pacific Press already exports to the US and Australia and is now selling CSI in New Zealand. The entire programme launched in February this year.

Film Wellington continued to promote the region as a filming destination for local and international screen production.

This included a first time presence at DELF (Digital Entertainment Leadership Forum), Filmart (Hong Kong International Film & TV market), and the Locations Tradeshow in Los Angeles.

Film Wellington was involved in AnimfxNZ 2008 and also hosted the Association of Film Commissioners International 33rd Annual Cineposium Conference which attracted members from 20 countries, and represented more than 55 film commissions. These events were hugely successful and a targeted way to tell the region's film story and connect local industry with international opportunities.

The Statistics New Zealand Hot Off The Press 2008 Screen Industry Survey results showed a dramatic increase in the screen production industry's economic impact on the Wellington region. Screen production expenditure in the Wellington region more than doubled from \$128 million in 2007 to \$285 million in 2008 and the number of screen industry businesses located in the Wellington region also increased by 9% growing from 594 up to 648.

Film Wellington issued 224 film permits covering 503 regional locations and managed 791 national and international enquiries.

In the past year, Film Wellington continued to work closely with local authorities to ensure their processes are 'film friendly' so that the region remains attractive to film makers. For example, the office has advocated a consistent fee structure across the region to reduce confusion for film-makers and has worked alongside industry towards streamlined approvals for filming.

Filming support and facilitation was provided to many local productions including Ninox TV's *Sensing Murder*, Lippy Pictures' top-rated docudrama *Until Proven Innocent*, local feature film *Separation City* written by Tom Scott, and Gaylene Preston's upcoming feature film *Home By Christmas*.

In spite of the economic slowdown, it is reassuring that Wellington's film friendly reputation is still attracting high profile international clients. The city was used numerous times in the past year as a stand-in for overseas cities on major productions including for US and UK companies filming commercials in the region. Some recent advertising campaigns include a US commercial for Toshiba and UK commercials for Trainline and Lotto.

The financial year ended with a large commercial being filmed for a US telecommunications company which saw 470 people contracted or employed on the project with an estimated budget of \$700,000-\$1million being spent in the region.



WELLINGTON A 'FILM FRIENDLY' CITY

The highly-regarded international production company The Sweet Shop filmed an international commercial for Toshiba laptops throughout the Wellington CBD in May. Filming was extensive and required road closures and 'stop go' traffic management on numerous Wellington streets, including the motorway, Featherston Street, and The Terrace. Film Wellington worked closely with Wellington City Council to facilitate approvals for the production.

The economic impact to the city was large: approximately 200 cast and crew were contracted, and many local businesses such as hotels, caterers, equipment and vehicle hire provided support services for filming. All the finance was international, with an estimated national spend of \$420,000, including \$280,000 spent in the Wellington region. Although featuring smaller budgets than feature films, TV commercials are essential to provide work to sustain production crews and services. And they enhance word of mouth reputation about the attractiveness of the city/country as a destination for larger budget feature films.

Representatives from The Sweet Shop, Toshiba, and the US agency all gave Wellington high marks. It was the US client's first time filming in New Zealand, and they especially noted how "friendly" everyone had been. The production enjoyed perfect Wellington weather throughout the shoot. Film Wellington also ensured they took away a taste of the region with bottles of Wairarapa wine to help spread the word in LA!

"It was very nice to meet you. And thank you so much for all your help getting our Toshiba project filmed. It was such a lovely experience for us. The road closures were so helpful, we had so many city streets to shoot, it was fantastic! Our footage looks gorgeous, your city is very film-friendly.

And the cast and crew were fantastic as well. Everyone was so nice and helpful to us. We appreciate everything so much.

Oh, and thanks for the wine too! It looks yummy and my Executives back in Los Angeles will certainly appreciate it.

*Laura E. Keseric
Director of Integrated Production
Y&R Brands*

The food and beverage sector initiated and undertook a number of successful projects during the 2008/09 year.

The Food Sector strategy was completed and endorsed by the Food Advisory Group. This provides a clear focus by which to plan and implement all other projects.

A key project has been developing an annual Wellington cuisine festival, entitled Wellington on a Plate. Instigated by Grow Wellington, the festival is a joint venture with Positively Wellington Tourism. The aim is to encourage diners to discover the many and varied options of Wellington's food scene while generating positive economic spin-offs, attracting visitors into the greater Wellington area, and raising the profile of the region's food and beverage producers and suppliers.

This inaugural food festival runs from August 17-30 and is intended to become an annual fixture on the region's event calendar.

This cuisine festival underpins the major initiative to 'Tell the Wellington Food Story' which involves increasing the awareness and stimulating demand locally, nationally and internationally for food and beverage products and services from the Greater Wellington region, based on the strength of their status in Wellington.

We were a major supporter of the inaugural BrewNZ industry event, and the Beervana consumer focused boutique beer event last September. Due to the success of this event last year, Wellington will again be hosting this international event in August 2009, as part of the Wellington on a Plate cuisine festival. We are also assisting the Beer Brewers Guild of New Zealand to form a national boutique beer exporting cluster, designed to strengthen and support our regional brewers.

Another highlight of the past year was working with Australian actor/presenter Paul Mercurio, who came to Wellington to film an episode of his food television show, *Mercurio's Menu*, focused solely on our region's food and producers. Filming took place in November and involved around 20 local producers and suppliers. The show has more than one million viewers in Australia alone, and discussions continue with the production company, WTFN Network, regarding future promotional opportunities for Wellington region's food and beverage business into Australia.

We also continue to work on a range of initiatives with Wellington food and beverage businesses in order to enhance the capability of the industry as a whole.



CHOCOLATE, GLORIOUS CHOCOLATE

What's dark, delicious, wickedly indulgent and has been a feature of New Zealand's confectionary landscape since 1896?

JH Whittaker & Sons, of course. Or, as it's better known to generations of Kiwis, the makers of such iconic delights as Peanut Slabs and Sante bars.

The Whittaker's story begins in 1890 when James Henry Whittaker arrived in Christchurch from Macclesfield, England, where he first got a taste for the sweet stuff while working in a confectionary factory. Believing that he could cater to the Kiwi palate, he started making chocolate and selling it directly to customers from his horse and cart.

Fast forward a few years and James Henry not only moved the nerve-centre for his operation to Wellington, he also started a partnership with his sons, Ronald and James, and so was born the legendary New Zealand company, JH Whittaker & Sons Ltd.

These days, Whittakers still helm the company – in the form of James Henry's grandsons, Andrew and Brian. But it's a very different proposition from the one that was started amidst such humble beginnings all those years ago.

For starters, the product range has expanded significantly and from their custom-built factory in Porirua, north of the Capital, a significant volume of dark, milk and white chocolate is churned out every year. These delicious morsels find their way to Australia, Singapore, Hong Kong and Taiwan, and keep about 50 local people in employment.

Now the number two brand in New Zealand's chocolate 'block' market, Whittaker's is the only domestic chocolate manufacturer to control the entire production process, or what they call 'from the bean to the bar'.

This means selecting the finest cocoa beans from Ghana, roasting the beans and refining them to produce the distinctive Whittaker's flavour beloved by chocolate aficionados the world over.

According to Anna Head, Grow Wellington Food and Beverage Sector Manager, Whittaker's is precisely the kind of high-quality, export-oriented business that we aspire to support.

"Whittaker's is a staunchly Wellington business with proud links to the Porirua region who are generous contributors to the development of the Wellington food story," she says.

In partnership with Wellington City Council, we have continued to promote Wellington offshore through a range of media. As a result, more than 1,400 people registered on the Grow Wellington migrant jobs database in the six months to June 2009.

In mid June, around 4,000 people in total were registered. A total of 140 employers and recruiters have access to the database and over the last year have downloaded more than 400 CVs. Eighty four percent of this activity took place in the first six months of the financial year, reflecting the changes in the job market caused by the global economic climate.

In September 2008, Grow Wellington partnered with the Wellington City Council to promote living and working in Wellington at the inaugural *APN Your Career Live Expo* in Auckland. Competition was keen with major exhibits from South Australia and other Australian regions all working hard to lure skilled New Zealanders across the Tasman.

Grow Wellington has taken an active role in developing and implementing the Wellington Regional Settlement Strategy. We have collaborated with the Department of Labour to produce a directory to 'support employers with diverse workforces' and, more recently, have taken responsibility for developing a website that will be the first port of call for migrants seeking information on living and working in the Wellington region.



FRIENDLY CITY WINS OVER MIGRANT

Wellington's 'walkability' and friendliness wowed Filipino IT analyst Cecile Diamante from her first moments in the city.

She had arranged four job interviews in the Capital, and each was just five minutes' walk from the last, something she found wonderful. That evening, a woman – a complete stranger from Webgrrls, a national women's cyber network she had emailed for advice - invited her home for dinner with her family.

"I couldn't believe their kindness to me," said 29-year-old Cecile. "I was very impressed."

Cecile, who has a Masters in Information Technology, had come to New Zealand in June 2007 on vacation. But she was really on a mission – to find a new place to call home.

There were several push factors: In Manila, the cost of living was high relative to average incomes, she found the sheer numbers of people suffocating, and she was tired of the crazy hours she worked. "I regularly did very long, six-day weeks. It burns you out after a while."

Having gone to high school in Canberra in her teens (her father was attached to the Philippines Embassy), she knew about New Zealand.

So why did Cecile not consider an Australian city to live in? Or in the US where she has extended family?

"I didn't think I would get the same work-life balance as I could here in Wellington," she said. "Life in the US is very hard. In Australia, Sydney and Melbourne are the only cities I would have considered, and they're too big for my taste; I might as well have stayed in Manila. I wanted somewhere smaller, friendlier."

She loves her new life now. She was offered a job from that first day in Wellington, and now works as a test analyst for Optimization in the central city. She enjoys her work and her colleagues, several of whom have become firm friends.

Cecile rents a small flat in Thorndon, a 10-minute walk from her office. Most evenings she takes a dance class – salsa, pole and ballroom, all at different venues. She has picked up ballroom dancing to prepare for her 2010 wedding to her fiancé, who remains in Manila.

"I do something every week. I have a feeling that I'm catching up on things that I missed out on while I was working my butt off for so long back in the Philippines!"

Cath Randall, Grow Wellington's Manager Skills, says Cecile was listed on the migrant jobs database.

"Cecile is exactly the kind of migrant who adds value to the Wellington region. We are fortunate to have her."

The Wellington region is full of inspiring entrepreneurs. Angel investment plays a vital role in helping these ventures ‘go global’.

Angel investors 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.

Angel HQ is now fully embedded as the Wellington region’s angel investment club. The club has 25 active members and has held six investment evenings since its inception. Enquiries have been fielded from almost 140 opportunities across the region, from which 20 companies have been selected to present to the club. Four deals have been done and another is currently under negotiation.

We have been delighted with the support we are receiving from the region’s wider community too. This is reflected in the membership of Angel HQ’s Establishment Board which is chaired by Phillip Meyer and includes Sam Knowles, Kiwibank CEO, Dion Mortensen of Movac, Simon Holdsworth from Datacom and Bruno Bordignon, partner at Duncan Cotterill.

Sponsorship and wider professional advice and support has been provided by Deloitte, PWC, Gibson Sheat law firm and the BNZ, which has contributed to a strong club foundation.

Seed Co-investment accreditation, which will see Angel HQ deals receive New Zealand Venture Investment funding, is progressing well and negotiations are nearing completion. Grow Wellington is also represented on the NZ Angel Capital Association Council, which provides benefits to both our deals, by giving us access to deal syndication, as well as to our members via capability building.



KAPITI CONNECTION MAKES PROFITABLE HONG KONG CONNECTION

They're both global leaders in their respective markets, but an Angel HQ deal has resulted in Kapiti-based InterGrid and Hong Kong's Cyberport combining forces to provide unique business and marketing opportunities for InterGrid's 'Cloud Computing' solutions for the creative digital community in North Asia.

Scott Houston, InterGrid's CEO, says the company has developed the world's first Cloud Computing rendering solution, otherwise known as the Green Button.

"The Green Button has allowed us to develop a 'pay as you use' business model and we are now working with other hardware and software providers to develop Cloud Computing solutions for the creative digital and film media sector," he says.

Located in Hong Kong, Cyberport is home to an energetic community of ICT and creative digital content tenants and incubating enterprises who enjoy synergies from co-locating with each other.

The marketing co-operation agreement will see the two companies pool resources to enable Cyberport partner companies to become more profitable using Cloud Computing technologies and develop new Cloud Computing business models for Hong Kong and China-based software companies.

Marcel van den Assum, Chairman of InterGrid and Angel HQ member, says he is convinced of the global potential of the Green Button.

"That's why we invested, and we're delighted that this partnership - which also means the development of new revenue models for both InterGrid and Cyberport - has been confirmed."

That's a sentiment echoed by Suse Reynolds, General Manager Investment, Grow Wellington.

"This Angel HQ deal with InterGrid shows the confidence our Wellington investors have in the quality of businesses operating in the region. It also reflects the international trend that during times of economic downturn, angel investment flourishes," says Suse.

It began as a pilot in 2008, but Activate proved so successful that the intensive 16-week programme was soon rolled out to the greater Wellington region.

Offered to businesses in concept stage, or those already established but looking to move to the next level, Activate is designed to test ideas, strengthen the practical foundations for business success and develop personal networks and skills to kick-start the journey. Participants receive specialist advice from experts in fields relevant to their business and one-on-one coaching from a dedicated mentor. Entrepreneurs are also required to thoroughly validate their ideas in the market before creating a comprehensive and practical business plan.

Seven Activate programmes were run in the 2008/09 financial year:

- The pilot (run in early 2008)
- Two in Wellington
- One in Porirua in conjunction with the Pacific Business Trust and Porirua City Council
- One in Lower Hutt in conjunction with the Hutt Chamber of Commerce and Hutt City Council
- One in Upper Hutt in conjunction with the Upper Hutt City Council,
- One in Wairarapa in conjunction with the Wairarapa Chamber of Commerce, and
- Planning for a Kapiti programme was also undertaken.

A total of 40 businesses graduated from the seven programmes, including the pilot. Of these, 75% are currently trading, while 25% have applied for, or have entered, Wellington's premium business incubator, Creative HQ.

Activate graduates covered a range of sectors including apparel, cosmetics, health, food, recruitment, sustainability, telecommunications, tourism and the Internet.



AN OPPORTUNITY TO DREAM AND THINK BIG

Genevieve McLachlan knows what it's like to fight the system.

Confined to a wheelchair, the Upper Hutt businesswoman also has a visual impairment and RSI.

"Most organisations tend to deal with only one disability, so you end up having to visit numerous organisations and undergo several different assessments to be able to access services."

Three years ago, Genevieve and her husband Bruce set up Adaptive Technology Solutions from their Upper Hutt home. It provides assessment, training and product sales for people with disabilities to help them access and use computers to achieve their business and leisure goals.

"We're basically a one-stop-shop, and we work with whatever disabilities a client may have."

Genevieve says she enrolled in Grow Wellington's Activate course because she felt she had come to the end of her skill base. "I didn't know how to go about growing the business."

Having recently graduated, she says Activate "allowed me to dream and to think big".

"Activate has given me the confidence to plan for the future and to look at the business objectively. I now know how to take the business forward and have a belief that it can happen."

Now in its sixth year of operation, Creative HQ's focus remains firmly on facilitating and driving rapid early stage business development and creating significant value for innovative enterprises that are the future of a new and sophisticated regional and national economy.

Creative HQ is currently incubating 15 high growth potential ventures, and this number will increase to 30 ventures over the coming year. Creative HQ alumni businesses continue to shine with annual revenues that grew by 45% compared with last year. These revenues are now in the tens of millions, with 40 percent of them export-based.

Three Creative HQ ventures were finalists in the Wellington Gold Awards: Silverstripe in the Cyber Gold category, and Womama and Gecko Press in the Emerging Gold category. Womama took out top honours in this section for a venture shining beyond its size.

Creative HQ's 2008/09 achievements included:

- Introducing and developing a robust client portfolio management process and ethos
- Creating an early-stage pipeline with volume and quality via the Activate programme
- Moving to an equity model to align interests and build towards sustainability
- Making significant gains across people capability, processes and systems
- Further enhancing our partner programme to deliver key essential services to clients
- Successfully introducing a virtual service to clients to allow future scale opportunities
- Attracting additional team resource that will allow support of 30 ventures this year
- Building a strong and growing strategic relationship with VicLink
- Building a range of wider stakeholder relationships to successfully position Creative HQ
- Developing a Proof of Concept fund aligning a key group of investors directly with Creative HQ, positioned to provide critical seed funding prior to angel investment.

The combination of activities and successes has provided a solid foundation for Creative HQ. This focus will ensure quality growth outcomes and regional impact for future years.



MAKING THE RIGHT DECISION

Hands up if you've ever stood in the wine aisle at the supermarket and scratched your head at the dizzying array of wines on offer. Do you go for that cheeky Chardonnay, or will the Pinot Gris or maybe the Viognier be a better match with what you're planning for dinner?

It's a common conundrum that an enterprising Wellington wine lover is solving with Wine Finder, a smart, interactive software system that helps people understand and choose wine.

Vinacom Chief Executive, Alex Cumming, says his idea for an interactive electronic sommelier was born after his research showed that New Zealanders found it difficult to choose wine and would welcome the opportunity to tap into some expert advice.

"WineFinder will be deployed via touch-screen kiosks and the technology will allow users to determine which factors are important to them in a wine, such as grape variety, country and region, food matching and price."

With three to five 'clicks', WineFinder will produce a short list of wines that meet search requirements. Customers will be able to compare and contrast these wines.

"Soon WineFinder will also have a bar-code scanner that allows the customer to scan any wine off the shelf and see a description of the product, including details about the particular producer, tasting notes, price, awards and food and wine matches."

Alex certainly knows the industry. He's worked at some of the world's finest restaurants and bars, including Martin Bosley's Yacht Club Restaurant in Wellington, Wine Banc in Sydney and The Sugar

Club in London. He once spent a vintage at Louis Roederer in Reims, France – one of the most famous champagne wineries in the world, and he's a Certified Sommelier of the Court of Master Sommeliers.

Alex was completing a one-year business diploma at CPIT in Christchurch when the concept of Wine Finder first arose. He spent the rest of the year honing his idea, carrying out market research and producing a business plan. He set up premises for his start-up, Vinacom, at Wellington incubator Creative HQ early in 2008.

"I knew there was a need and a market from the user's point of view, but the user's not going to pay. So then it was a case of 'who is going to pay for this?' and starting to develop a business model, trying to move it from being a good idea to a viable business."

He's been in discussion with owner/operators and liquor category managers at major supermarket companies, Foodstuffs and Progressive Enterprises and is about to begin piloting the concept with New World supermarkets.

He has partnered with good people to design and deliver WineFinder: Chef Martin Bosley is supporting the concept with recipe matches, while Phil Williams, a friend and previously creative director of website, application and database development firm NV Interactive, is Head of Design and Technology.

Alex is confident there's a huge market for his product and says as well as helping consumers to shop faster and more efficiently, it will also assist them in making more informed decisions about wine.

Grow Wellington's Innovate programme has proven to be particularly valid in the current economic climate, when companies strive to raise their game to compete on the international stage and Wellington enhances its position as a relevant economic region.

Since its inception in October 2008, Innovate has comprised three main areas of focus: advice on optimum commercialisation of intellectual property, acting as a conduit to collaborative research and investment, and connecting with key stakeholders to become integral to innovation policy, planning and support frameworks.

Although still to be fully implemented, Innovate has enjoyed significant progress in each objective.

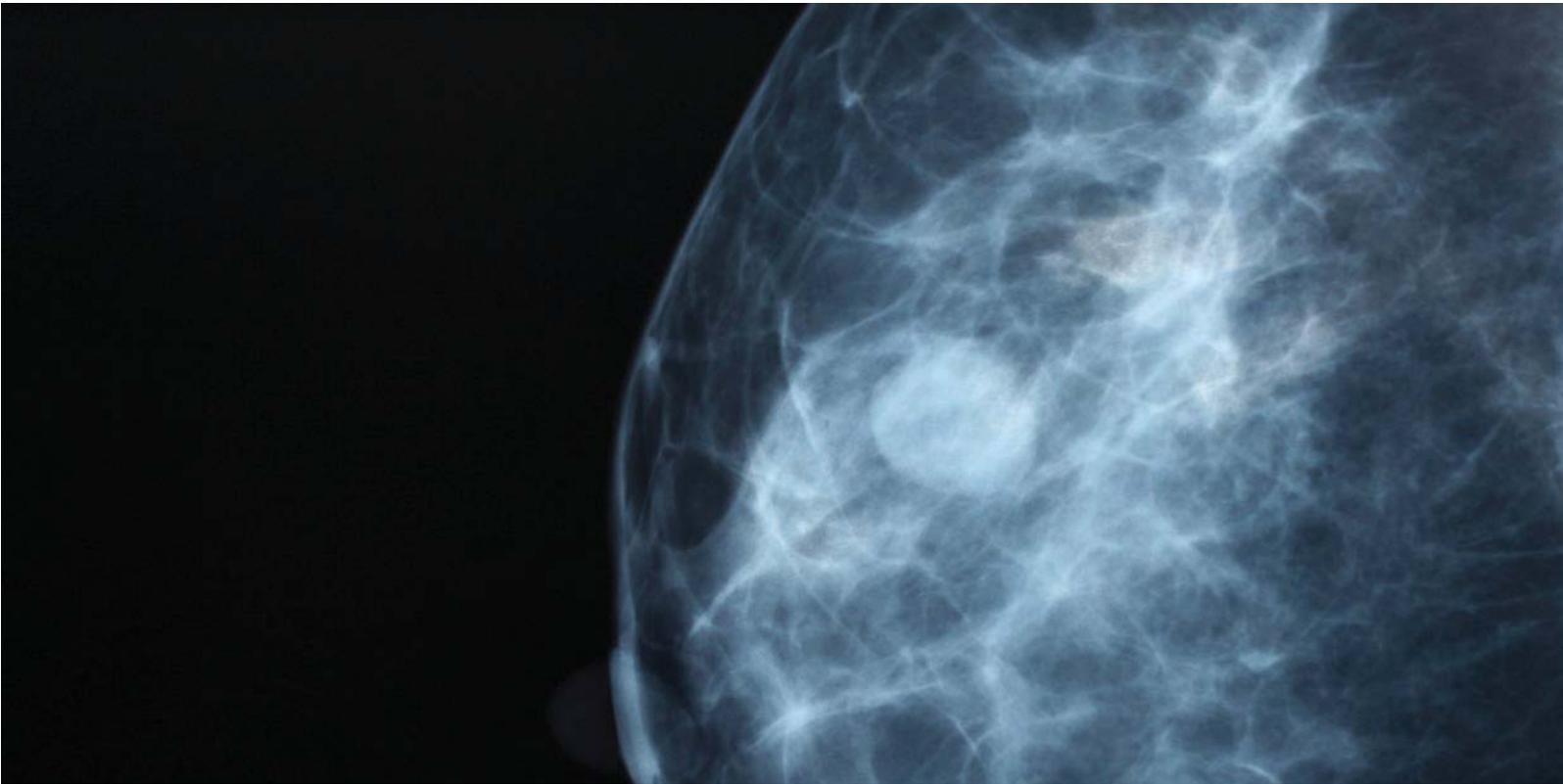
Since October 2008, around 400 consultations have been held with companies in the region and across the full spectrum of sectors, from creative, design, biotech, electronic, manufacturing, software and service sectors to 'primary' industry.

Innovate's focus on investment has touched on venture capital, angel investment and international funding relating to collaborative projects. In particular, Innovate has enjoyed being part of the Regional Technology Partner network set up by the Foundation for Research, Science and Technology (FRST). The total investment raised is just under \$1 million, ensuring regional projects have dominated national statistics. Successful projects championed by Grow Wellington range from world leading innovation in medical imaging, 'predictive' human technologies, manufacturing, and biotech. In addition, Innovate has connected with, and reviewed, some of New Zealand's most exciting commercial and scientific research and development.

Our contribution to the national agenda has also included consideration of intellectual property due diligence in an effort to raise the calibre of investment and ensure international relevance and opportunity. Of the 600+ inquiries we have received, we have introduced to FRST only those projects which we believe have value and long term potential.

As well as having privileged insight into business, Innovate is a forum for relationships with key stakeholders across the region from the CRIs, research institutions, universities, professional bodies, regional councils, Chambers of Commerce and Maori organisations. Innovate has also been featured, quoted and commended in the regional and national media.

Innovate intends to be a regional exemplar. We look forward, via further connection with business and key stakeholders, to making a tangible contribution to the region in the next 12 months.



START-UP COMPANY AIMED AT SAVING LIVES

Wellington based start-up company Matakina has developed a unique platform technology relating to automated, objective imaging, primarily for tissue analysis. The first commercial application will be in breast screening, helping eliminate error and refine diagnosis.

CEO Ralph Highnam (PhD) is a shareholder along with Professor Sir Mike Brady of Oxford University, Professor Martin Yaffe of Toronto University and Professor Nico Karssemeijer of Nijmegen University, all world renowned experts in medical imaging. Despite this pool of scientific expertise, any start-up has limited resources and endless requirements. Through its expertise in intellectual property commercialisation, Grow Wellington has helped Matakina devise the right intellectual property strategy from the outset – one which complies with the highest international criteria.

Matakina has consequently started to construct a portfolio of valid rights, which will match best practice in its target markets, optimise commercialisation opportunities and strengthen

the company's position moving forward, for growth and investment.

“Grow Wellington has been a fantastic resource in helping us understand and put together a world-class, flexible, and truly valuable intellectual property portfolio which would not have been possible via more rigid, traditional procedural ways,” says Ralph.

As FRST regional partner for TechNZ, Grow Wellington also helped Matakina make a successful application for TechNZ investment. The investment enabled Matakina to complete initial trials within three months and the company is well placed to launch at a perfect time when misdiagnosis and unnecessary treatment has been identified as a significant problem across a range of cancers.

“From the trials we can now finish the productisation and commence clinical trials. We anticipate turnover in excess of \$1 million by the end of the second year,” adds Ralph.

Accelerate is targeted at businesses that aspire to be the best, and have the potential to achieve significant scale and growth.

One of Grow Wellington's most exciting achievements this year has been the establishment of the Accelerate service, a key part of the Grow Wellington team that provides flexible support services for businesses in the Wellington region who are exporting, or have export potential. Accelerate is targeted at businesses that aspire to be the best, and have the potential to achieve significant scale and growth.

The first year of Accelerate was focused on an assessment of market need, building networks, and 'road testing' the service for effectiveness. Grow Wellington has received extremely positive feedback from Wellington businesses on the efficacy of our service.

Grow Wellington's Accelerate service assessed over 300 business opportunities, and provided linkages to Grow Wellington programmes, as well as to the network of regional business support agencies and individuals. Around 177 Wellington businesses were proactively targeted and assessed, and we effectively engaged with 122.

Referral networks in both the public and private sector were developed to support the 'connect, inspire and facilitate' mandate of Grow Wellington, including establishing deeper relationships with experts who are now providing support across the organisation.

Accelerate closely aligned with the Priority Sectors and Centres of Excellence to ensure positive business engagement with individual companies in priority industries. New companies have been introduced to those teams and, in addition, 20 companies were introduced for incubator assessment, and more than 40 individuals to the Activate programme.

On the investment front, Foundation for Research, Science and Technology and New Zealand Trade and Enterprise investment was facilitated for 26 Wellington businesses, with an investment value of approximately \$1.2m. Through best practice methodology, we supported 30+ businesses toward achieving investment, in various forms, for their respective organisations, and current client preparation for investment is at approximately \$40 million.

Strong partnerships with regional business support professionals and agencies increased our network to over 50 entities. Connection between business, tertiary institutions, learners and Government was supported by Grow Wellington Accelerate's co-ordination of the Summer Internships for IT students. This led to the placement of 27 senior undergrads in work experience projects with innovative Wellington companies.

Accelerate supported the business side of AnimfxNZ, co-ordinating a business meeting programme for local companies with industry leaders. In the true spirit of Grow Wellington, Accelerate was designed to inspire Wellington business and, in turn, has been inspired by our Wellington exporters.



MEAT PROCESSOR QUIET ACHIEVER

In a story plucked straight from the coals-to-Newcastle manual, leading Wellington meat processor Taylor Preston has been exporting chilled French lamb racks to France.

“That’s the level of sophistication of product that we’re able to deliver to our export market,” says Taylor Preston’s Chief Executive, Simon Gatenby.

Tucked away as it is in a quiet area off Ngauranga Gorge, this 100% independently owned business has been quietly processing around 1.5 million sheep, lamb, cattle, venison, goats and bobby calves a year.

And chipping away at lucrative export marketing, filling supermarket shelves and dinner tables everywhere from Scandinavia and the US to China and the Middle East.

“Around 95% of our throughput is exported,” says Simon.

Taylor Preston began working with Grow Wellington late in 2008, assisting with new product development and connections to agencies that will support Taylor Preston in the comprehensive strategy being implemented to develop their work force.

When the company took over the former Wellington City Council run operation in November 1991, it was a very different picture: then, the key focus was sending carcasses overseas. But 18 years down the track, investment in technology, research and development and staff training has meant that Taylor Preston is now able to add value

by offering customers a wide range of fresh and frozen product, including boneless loins and diced lamb goulash.

Operating 52 weeks a year, it’s a massive operation powered by 850 staff in the peak season from November to May, and around 450 in the quieter winter months.

According to HR Manager, Carolyn Thomson, that makes Taylor Preston one of the region’s major manufacturing workforces.

“We draw a lot of our staff from the Johnsonville and Porirua areas and are responsible for contributing around \$28 million each year in wages alone to the local economy,” says Carolyn.

Like most profitable businesses, success has fuelled a desire to expand the product line.

“We are working as efficiently as we can, but keeping up with technology and managing increasing costs means that we need to increase our revenue. Because of our physical site and size, we are limited in the amount of volume we can increase, so if you can’t improve the volume then you need to improve the value,” says Simon.

Hence the desire to add cooked meats and ready meals to their repertoire.

“We’re looking at a range of value-add options right now which will help to cement our vision of being one of the best meat processing plants in New Zealand.”

STATEMENT OF INTENT MEASURES

PERFORMANCE MEASURES 2008/2009	PERFORMANCE TARGETS 2008/2009	PERFORMANCE ACHIEVED AS AT 30 JUNE 2009
CENTRES OF EXCELLENCE		
Assessments completed on each of Digital, Biomedical, Sustainable Energy and Natural Hazards Centres of Excellence(CoE).	10 of the identified industries' significant players give written support for each CoE.	Assessment completed on Digital, Biomedical and Natural Hazards. Letters of Support for CoE programmes: Screen & Digital – 15. Biomedical Centre – 6.
Business plan completed for first Centres of Excellence (CoEs) and public/private funding secured.	6 projects pertaining to the CoE programme are underway.	Digital Innovation – 5 projects underway. Biotech – 2 projects underway. Clean Energy – 3 projects underway.
Commence business cases on two further CoEs.		Partial funding secured: \$356,000.
Establish a pilot CoE with its first Director appointed.		Governance Boards established for New Zealand Institute of Screen Innovation (NZISI) & Health Education Research Collaborative (HERC) and they have ratified the next 2 years' activity programmes.
Gain commitment from targets to engage with CoE.	CoE stakeholder survey shows these participants believe the programme is important to their future revenue generation.	21 letters of support from stakeholders received.
BIOTECHNOLOGY		
Gap analysis.	Work in progress.	Gap analysis completed.
PRIMARY		
Delivery of Primary initiatives to grow support and knowledge of relevance of irrigation project to the region's rural industry.	3 Primary initiatives delivered to explore irrigation economic spin offs.	1 initiative delivered - Taratahi Agriculture Training Centre developing a formal irrigation operation qualification for delivery in 2010 for NZ.
	In client sector survey, participants give 70% rating of support for initiatives.	84% rating for support given.
MANUFACTURING		
Manufacturing projects developed for companies to team together on.	Four projects scoped for manufacturers.	2 projects scoped and 1 proceeding (Manufacturing Graduate programme).
	20 commercial introductions made with 70% satisfaction from our client survey, agreeing these introductions led to commercial results.	20 commercial introductions made. 84% satisfaction with 42% agreeing introductions led to commercial success.
EDUCATION – INTERNATIONAL STUDENTS		
International student attraction marketing plan developed.	2,500 website visitor sessions to EWI website.	Average of 1,228 visits per month (14,470 annual).
	75% of EWI members in client survey satisfied with delivery against identified needs.	80% satisfied with delivery against identified needs.
EDUCATION PRODUCTS		
Education product commercialisation and market development plan in place and initiated.	6 education businesses involved in market development programmes for their products and giving 70% satisfaction rating in client survey.	4 education businesses involved in product development programme. 84% satisfied with market development programmes.

PERFORMANCE MEASURES 2008/2009	PERFORMANCE TARGETS 2008/2009	PERFORMANCE ACHIEVED AS AT 30 JUNE 2009
FILM		
Global film marketing plan for Wellington region complete.		10 stakeholders involved.
Film and location permits issued.		224 film permits issued for 503 locations.
	480 enquiries fielded for film facilitation.	727 enquiries fielded.
	Client sector survey shows 75% satisfaction.	86.5% satisfaction recorded.
FOOD & BEVERAGE		
Food Wellington marketing story developed.	10 partners committed to Food Wellington story development.	Food & Beverage Advisory Group formed in 2008 and consists of 10 industry partners.
Major regional initiative delivered.	100% of MRI milestones delivered.	Request for MRI to be extended until 31.12.09 accepted by New Zealand Trade and Enterprise.
SKILLS		
Grow Wellington is engaged with the Wellington Regional Labour Market Strategy (WRLMS).		Fully engaged with WRLMS.
Stocktake of employer resources for skill sourcing complete.	30 employers and recruiters accessing the database.	Stocktake completed. 140 employers registered with 159 accesses.
	60% satisfaction rating from employer clients in survey response to question about meeting their skill needs.	77% were satisfied their skill needs were met.
ANGEL HQ		
Angel HQ club established.	40 Angel HQ members presented with 8 deals and 2 deals closed.	Angel HQ established. 26 members, 20 deals presented and 4 deals closed.
Secure Seed Co-Investment Fund (SCIF) accreditation for Angel HQ.		Process ongoing – SCIF accreditation anticipated by end of August 2009.
Database of capital contacts developed.		Database of 160 potential investors developed.
	20 commercial introductions made, with clients reporting 75% satisfaction in annual survey.	88% of clients satisfied with the commercial introductions made.
GROWTH OF INDIVIDUAL BUSINESSES		
Cultivate and grow the regional 'toolkit' network.		Grow Wellington has partnered with a national organisation to set up a web-based virtual community for SMEs – Bizchat.
Identification of key exporters completed. Identification of the region's 'top 100 exporters' and where Grow Wellington can add value.	100 companies identified for market development assistance.	More than 300 companies have been identified and assisted.
	Grow Wellington clients give 75% satisfaction in rating in survey.	84% were satisfied with the services delivered.

PERFORMANCE MEASURES 2008/2009	PERFORMANCE TARGETS 2008/2009	PERFORMANCE ACHIEVED AS AT 30 JUNE 2009
INCUBATION		
Study on the best practice for regional business incubation completed.		Study completed on best practice for regional incubation.
Identify Creative HQ (CHQ) residents.	Met with 200 companies of which 30% were converted into a Grow Wellington programme. 30 companies on Activate programme with 3 becoming CHQ residents.	190 companies with 30% conversion. 42 companies completed the Activate programme with 3 entering the incubation programme.
IMPROVING BROADBAND USE AND SUPPLY		
Sector-based provision of broadband objectives and strategy agreed with sector managers and other stakeholders.	Measures for this work will be determined when there is more clarity about Grow Wellington's role.	Plan agreed but on hold while Government review underway.
Implementation plan agreed with the Senior Officers Resource Team (SORT).		
Implementation of priority projects as agreed with SORT.		
RAISING THE VALUE OF INTERNATIONAL GATEWAYS		
Engage with partners (with no resource duplication) to define 'raising the value of the Region's international gateways'.	A set of measures will be devised when there is greater clarity about Grow Wellington's role in this work.	Other priorities took precedence over International Gateway work.
Definition of 'raising the value of our international gateways' is agreed and clarified with Centreport, Wellington International Airport Ltd, Positively Wellington Tourism and other business support agencies.		
ADDING VALUE TO A CARBON NEUTRAL REGION		
Undertake a feasibility study on benefits and costs to regional businesses of a carbon neutral programme and what is required to become carbon neutral.	5 partners involved in a carbon neutral programme.	This work has been subsumed into the Clean Energy Centres of Excellence programme.
BUILDING AN EXCELLENT ECONOMIC DEVELOPMENT ORGANISATION		
Good Employer have in place the right structure to deliver our objectives; ensure our staff have appropriate skills to deliver on objectives; be an EEO employer.	90% staff retention. (staff engagement measures are being developed to ensure Grow Wellington is a fun place to work with committed and productive staff).	96% staff retention achieved. Staff performance development programme was put in place in October 2008.
Social and Environmental responsibility Explore membership of the Sustainable Business Network.	Measures still being developed.	Membership explored but decision taken that more practical steps could be taken to meet this responsibility. Measures now in place.

**PERFORMANCE MEASURES
2008/2009**

**PERFORMANCE TARGETS
2008/2009**

**PERFORMANCE ACHIEVED AS AT
30 JUNE 2009**

Sound Business Practice

Grow Wellington will operate in accordance with sound business practice by:
developing a culture of continuous learning and improvement by supporting staff in their attendance at relevant training and conferences;
monitoring and responding to the business community's views on Grow Wellington's services.

Unqualified audit.

0 complaints upheld by external arbiter.

An unqualified audit for 2008/2009 was achieved.

0 complaints received.

Staff, both as individuals and as an organisation, attended various conferences, training courses and other professional development programmes, as and when relevant.

Annual survey (circulation of 1,582) undertaken. Results are reflected in our measures.

BIZ Chat (an online community toolkit) for small businesses established.

Communication

Marketing and communications plan produced.

Compilation of 100 business case studies of Grow Wellington impact.

50 business case studies completed.

80% placement rate per media release on targeted publications.

Decision was taken that while our programme delivery was still being confirmed that developing a media profile was not a priority.

Web metrics being developed.

Web metrics were not developed as the website was re-skinned during the year and metrics would not be meaningful while this work was being done. Full communications metrics are now in place.

Centre for Advance Research Methods (CARMA) research statistics in use to determine extent to which we are effectively communicating.

Use of CARMA was explored and a decision made not to proceed. Surveys adopted as the preferred measurement tool.

Co-ordination of the telling the Wellington Region's story internationally.

6 partners involved in international story compilation.

16 business partners and 9 TLAs involved in story compilation.

Knowing our Region

Stocktake and database complete on all regional sources of information on our economy.

75% satisfaction rating from clients requesting information on the regional economy.

This work subsumed into work being undertaken by the Wellington Regional Strategy Office on the Genuine Progress Indicator.

BERL Regional Outlook on region's economy still being completed annually but updated on a quarterly basis providing more timely information for stakeholders and business.



GROW WELLINGTON LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Grow Wellington Limited

Annual Report

for the year ended 30 June 2009

The Board of Directors present their Annual Report including Financial Statements of the company for the year ended 30 June 2009.

Trading Results

	2009	2008
	\$	\$
Net Surplus/(Deficit)	(18,682)	75,660
Retained Earnings beginning of the period	75,660	-
NET RETAINED EARNINGS	56,978	75,660

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 2009 were:

	2009	2008
	\$	\$
Assets Totalled	707,110	853,332
Financed By:		
Shareholders Funds of	56,978	75,660
Liabilities of	650,132	777,672
	707,110	853,332

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' Interests

Directors had interests in transactions or proposed transactions of the company as detailed in note 22 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 been otherwise 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.

Directors' Remuneration

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

Director	2009	2008
	\$	\$
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	15,000	15,000
Glenys Coughlan (resigned)	-	12,500
Paul Swain	2,500	-
TOTAL DIRECTORS' REMUNERATION	112,500	122,500

Donations

No donations were made during the year to 30 June 2009.

Directors

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

Director	Appointment Date
Murray McCaw (Chairman)	05-Apr-07
Brent Albiston	23-May-07
Murray Bain	23-May-07
Vivienne Beck	23-May-07
John Lumsden	05-Apr-07
John McFadzean	23-May-07
Luong Pham	23-May-07
Paul Swain	16-Apr-09

Employee Remuneration

Remuneration paid to employees over \$100,000 during the 2009 financial year is grouped as follows:

Salary Band	Number of Employees
\$100,000 to \$109,999	2
\$110,000 to \$119,999	2
\$150,000 to \$159,999	1
\$170,000 to \$179,999	1
\$260,000 to \$269,999	1

Auditors

Audit New Zealand Limited are the auditors of the 2009 financial statements. Audit fees of \$29,484 were payable during the 2009 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;



MURRAY McCAW
28 August 2009



MURRAY BAIN
28 August 2009

Grow Wellington Limited

Income Statement

for the year ended 30 June 2009

	Notes	2009	2008
		\$	\$
Revenue			
Council Contributions		4,113,350	3,736,650
Council Regional Outlook Funding		-	50,000
Other Revenue	4	1,325,832	1,257,733
Interest Revenue		3,589	7,240
TOTAL REVENUE		<u>5,442,771</u>	<u>5,051,623</u>
Expenditure			
Audit Fees		29,484	26,800
Communication		77,788	85,111
Computer Services		63,923	67,402
Contract Expenses		452,915	409,598
Directors Fees and Expenses	20	118,294	129,562
Grants and Business Assistance		48,892	269,567
Interest Expense		11	2,882
Marketing		349,180	500,726
Mentoring Costs		93,618	-
Occupancy		58,107	69,281
Office Expenses		89,573	117,358
Other Operating Expenses	5	132,086	77,438
Personnel Expenses	7	2,723,951	2,217,111
Premises and Equipment Rental		284,784	305,135
Professional Services		62,835	106,538
Project Expenses		649,030	399,055
Travel		167,319	141,840
Loss on Disposal of Fixed Assets		7,742	8,971
Depreciation	23	27,202	18,849
Amortisation of Computer software	24	24,719	22,739
TOTAL EXPENDITURE		<u>5,461,453</u>	<u>4,975,963</u>
PROFIT BEFORE INCOME TAX		<u>(18,682)</u>	<u>75,660</u>
Income Tax Expense	8	-	-
PROFIT FOR THE YEAR		<u>(18,682)</u>	<u>75,660</u>

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 2009

	2009	Retained earnings 2008
	\$	\$
Total Equity at Start of Year	75,660	-
Profit for the period	(18,682)	75,660
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	<u>(18,682)</u>	<u>75,660</u>
TOTAL EQUITY AT END OF YEAR	<u>56,978</u>	<u>75,660</u>

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

Grow Wellington Limited

Balance Sheet

as at 30 June 2009

	Notes	2009 \$	2008 \$
ASSETS			
Current			
Cash and Cash Equivalents	9	345,225	111,101
Trade and Other Receivables	11	180,910	117,258
Prepayments		14,890	46,217
Grant Income Due	6	356	424,428
Total Current Assets		<u>541,381</u>	<u>699,004</u>
Non-current			
Property, Plant & Equipment	23	135,480	115,945
Intangible Assets	24	30,249	38,383
Total Non-Current Assets		<u>165,729</u>	<u>154,328</u>
TOTAL ASSETS		<u>707,110</u>	<u>853,332</u>
LIABILITIES			
Current			
Trade and Other Payables	12	260,863	482,008
GST Payment Due		50,747	4,810
Creative HQ Bonds		6,755	7,200
Employee Entitlements	13	225,145	130,258
Revenue In Advance	17	106,622	153,396
Total current liabilities		<u>650,132</u>	<u>777,672</u>
TOTAL LIABILITIES		<u>650,132</u>	<u>777,672</u>
NET ASSETS		<u>56,978</u>	<u>75,660</u>
EQUITY			
Retained Earnings		56,978	75,660
TOTAL EQUITY		<u>56,978</u>	<u>75,660</u>

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 2009

	Notes	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Council Contributions		4,537,422	3,312,222
Regional Outlook Funding		-	50,000
Grant Revenue		637,565	1,100,998
Other Revenue		577,396	200,073
Interest Revenue		3,589	7,240
GST Net		45,937	4,810
Cash Inflows from Operating Activities		5,801,909	4,675,343
Outflows			
Payments to Suppliers		2,749,353	2,225,177
Payments to Employees		2,747,355	2,216,415
Interest Paid		11	2,882
Cash Outflows from Operating Activities		5,496,719	4,444,474
NET CASH FLOW FROM OPERATING	10	305,190	230,869
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows			
Purchase of Property, Plant and Equipment		54,481	58,646
Purchase of Intangible Assets		16,585	61,122
Net Cash Flow (used in) Investing Activities		(71,066)	(119,768)
Net increase in cash held		234,124	111,101
Opening Cash Brought Forward		111,101	-
ENDING CASH CARRIED FORWARD	9	345,225	111,101

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

Grow Wellington Limited

Notes to the Financial Statements

for the year ended 30 June 2009

1 REPORTING ENTITY

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

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 the Local Government Act 2002, by virtue of the Council's right to appoint the Board of 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 2009. The financial statements were authorised for issue by the Board on 28 August 2009.

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 & Interpretations to published standards that are not yet effective

At the date of authorisation of these financial statements certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at balance sheet date and have not been early adopted. The company has assessed the relevance of new standards, interpretations and amendments and has determined that the following may be relevant to its operations:

NZ IAS1 Presentation of Financial Statements (effective 1 January 2009). Revised standard introduces as a new primary financial statement the "Statement of Comprehensive Income." This may result in additional disclosures but does not change the recognition, measurement or disclosures of transactions required by other NZ IFRS.

Standards & interpretations and amendments to published standards that are not yet effective that do not give rise to material changes are NZIAS23 borrowing costs, NZ IFRIC12 Service Concessions, NZ IFRS 8 Operating Segments and NZIFRIC13 Customer Loyalty programmes.

(c) Basis of measurement

The financial statements have been prepared on a 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 estimate 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 Company's accounting policies have been applied consistently to all periods presented in these financial statements.

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 Balance Sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

(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 equivalent, 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 the 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 Income Statement.

(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 Income Statement. 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
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(i) Amortisation

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

(ii) Computer Software

Acquired software licenses 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 assets 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 rate of pays.

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 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 obliged 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 expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects 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) Grant Revenue

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

(ii) Sponsorship

Revenue 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.

(iii) Fee Revenue

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

(iv) 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 benefits being received

(v) Interest Revenue

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

(vi) 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 the Foundation for Science Research and Technology and services provided to Education Wellington International.

(vii) Revenue in Advance

Revenue received in advance is carried in the balance sheet and recognised to the Income Statement 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.

(l) 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 Income Statement on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Finance income and 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 Income Statement 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.

4 OTHER REVENUE

	2009	2008
	\$	\$
Grant Revenue - NZTE	680,942	880,976
Grant Revenue - FORST	3,397	78,177
Contract Services - FORST	109,014	-
Other Revenue	391,173	121,379
Sponsorship	23,139	70,972
Fee Revenue	118,167	79,955
Rental Revenue	-	26,274
TOTAL OTHER REVENUE	<u>1,325,832</u>	<u>1,257,733</u>

5 OTHER OPERATING EXPENSES

	2009	2008
Conference Fees	17,734	18,037
Meeting Expenses	51,375	46,001
Course Expenses	62,977	13,400
TOTAL OTHER OPERATING EXPENSES	<u>132,086</u>	<u>77,438</u>

6 GRANT REVENUE DUE

At balance date the Company was owed \$356 (2008: \$424,428) 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

	2009	2008
	\$	\$
Salary and wages	2,645,153	1,961,126
Other personnel costs	49,914	203,065
Increase/(decrease) in employee entitlements	28,884	52,920
TOTAL PERSONNEL COSTS	<u>2,723,951</u>	<u>2,217,111</u>

8 INCOME TAX EXPENSE

	2009	2008
	\$	\$
Net Surplus Before Tax	(18,682)	75,660
Tax at 30% (2008: 33%)	(5,605)	24,968
<i>Plus (Less) Tax Effect of:</i>		
Non-deductible Expenditure	31,421	37,914
Grant for Fixed Assets	(22,380)	(67,613)
Tax Loss not recognised	-	4,731
Tax Loss recognised	(3,436)	-
TAX EXPENSE	-	-

The Company has made a taxable loss in 2009 therefore there is no tax charge under the income tax payable method.

As at 30 June 2009, the Company has tax losses of \$2,882 available to be carried forward to be offset against taxable income in future periods, subject to Inland Revenue confirmation and the requirements of the Income Tax Act 2007 being met.

Calculation of Taxable Income:

	2009	2008
	\$	\$
Net Surplus Before Tax	(18,682)	75,660
<i>Permanent differences:</i>		
<i>Less non-assessable revenue:</i>		
Council Contributions	4,113,350	3,736,650
Council Regional Outlook Funding	-	50,000
Grant Revenue - NZTE	680,942	880,976
Grant Revenue - FORST	3,397	66,626
	<u>(4,797,689)</u>	<u>(4,734,252)</u>
<i>Plus non-deductible expenditure:</i>		
Operating expenditure relating to grant income	4,723,090	4,529,365
Depreciation, amortisation, and loss on disposal of assets	59,663	50,559
Non-deductible Entertainment	21,275	20,164
	<u>4,804,028</u>	<u>4,600,088</u>
TOTAL PERMANENT DIFFERENCES	<u>6,339</u>	<u>(134,164)</u>
<i>Timing adjustments:</i>		
<i>2009</i>		
Holiday Pay Accrual	81,804	-
Less: Holidays taken within 63 days of balance date	(13,839)	-
Bonus Accrual	24,170	-
Less: Bonus Accruals paid within 63 days of balance date	(24,170)	-
<i>2008</i>		
Holiday Pay Accrual	(52,920)	52,920
Less: Holidays taken within 63 days of balance date	21,440	(21,440)
Income in advance	(12,688)	12,688
	<u>23,797</u>	<u>44,168</u>
Taxable Income	11,454	-
Tax Loss Utilised	(11,454)	-
TAXABLE INCOME (LOSS)	<u>-</u>	<u>(14,336)</u>

9 CASH AND CASH EQUIVALENTS

	2009	2008
	\$	\$
Cash at bank and in hand	345,225	111,101
Short term deposits	-	-
TOTAL CASH AND CASH EQUIVALENTS	<u>345,225</u>	<u>111,101</u>

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

Short-term deposits are made for varying periods of 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

	2009	2008
	\$	\$
Net Profit after Tax	(18,682)	75,660
<i>Adjustments for</i>		
Loss on Disposal of Assets	7,742	8,971
Depreciation	27,202	18,849
Amortisation	24,719	22,739
<i>Changes in assets and liabilities</i>		
(Increase)/ Decrease in Trade and Other Receivables	(63,652)	(117,258)
(Increase)/ Decrease in Prepayments	31,327	(46,217)
(Decrease)/ Increase in Trade and Other Payables	(175,206)	401,699
(Decrease)/ Increase in Employee Entitlements	94,887	130,258
(Increase)/ Decrease in Grant Income Due	424,072	(424,428)
(Decrease)/ Increase in Income in Advance	(47,219)	160,596
NET CASH FROM OPERATING ACTIVITIES	<u>305,190</u>	<u>230,869</u>

11 TRADE AND OTHER RECEIVABLES

	2009	2008
	\$	\$
Trade Receivables	34,808	117,258
Other Receivables	146,102	-
	<u>180,910</u>	<u>117,258</u>

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

	2009	2008
	\$	\$
Trade Payables	152,958	399,167
Non-Trade Payables and Accrued Expenses	107,905	82,841
	<u>260,863</u>	<u>482,008</u>

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

	2009	2008
	\$	\$
Annual leave/Holiday Pay	81,804	52,920
Long Service Leave	-	-
Accrued Salary & Wages	143,341	77,338
TOTAL EMPLOYEE BENEFITS	225,145	130,258

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. (2008: Nil)

15 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2009	2008
	\$	\$
Less than One Year	324,707	253,115
Between One and Five Years	1,172,622	938,390
More than Five Years	-	213,816
	1,497,329	1,405,321

16 CONTINGENT LIABILITIES

There were no contingent liabilities at balance date. (2008: Nil)

17 REVENUE IN ADVANCE

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

18 CAPITAL MANAGEMENT

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

The Company operates under a Funding Deed with the Greater Wellington Regional Council, by which the Company is reliant for the larger part of its' revenue. The Company is managed as a not-for-profit entity, and the Council may adjust its' funding to the Company in any financial year.

The Funding Deed is for an initial term of five 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 2010 and two years 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.

19 SUBSEQUENT EVENTS

There were no significant events after balance date.

20 DIRECTORS FEES AND EXPENSES

	2009	2008
	\$	\$
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	15,000	15,000
Glenys Coughlan (resigned)	-	12,500
Paul Swain	2,500	-
Total Directors' Fees	<u>112,500</u>	<u>122,500</u>
Directors' Expenses	<u>5,794</u>	<u>7,062</u>
TOTAL DIRECTORS' FEES AND EXPENSES	<u>118,294</u>	<u>129,562</u>

21 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	2009	2008
	\$	\$
<i>Loans and Receivables</i>		
Cash and Cash Equivalents (Note 9)	345,225	111,101
Trade and Other Receivables (Note 11)	180,910	117,258
Grant Revenue Due (Note 6)	356	424,428
Total Loans and Receivables	<u>526,491</u>	<u>652,787</u>
<i>Financial Liabilities measured at amortised cost</i>		
Trade and Other Payables (Note 12)	<u>260,863</u>	<u>482,008</u>
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	<u>260,863</u>	<u>482,008</u>

22 RELATED PARTIES

Grow Wellington Limited had the following transactions with entities related to board members:

Services purchased from Related Parties				2009	2008
				\$	\$
Related Party	Board Member	Relationship	Description	Amount	Amount
Infinity Solutions	Murray McCaw	Director	Purchase of IT Support services	-	36,132
Positively Wellington Business	Murray Bain	Trustee	Purchase of assets	-	155,480
Positively Wellington Tourism	Glenys Coughlan	Chair	Purchase of media course	-	267
Wellington Regional Chamber of Commerce	John Lumsden	President	Purchase of membership services	1,642	1,842
Moxie Design	John Lumsden	Director	Purchase of mentoring services	-	1,200
TOTAL SERVICES PURCHASED FROM RELATED PARTIES				<u>1,642</u>	<u>194,921</u>

Services sold to Related Parties				2009	2008
				\$	\$
Related Party	Board Member	Relationship	Description	Amount	Amount
Foundation for Science, Research and Technology	Murray Bain	CEO	Sale of support services for industry development centre & follow up services to grant recipients.	-	78,177
Foundation for Science, Research and Technology	Murray Bain	CEO	Sale of services to deliver regional technology partner services to regional businesses.	112,411	-
Positively Wellington Business	Murray Bain	Trustee	Settlement of PWB.	-	324,161
TOTAL SERVICES SOLD TO RELATED PARTIES				112,411	402,338
Year-end accounts receivable from related parties				2009	2008
				\$	\$
Related Party	Board Member	Relationship	Description	Amount	Amount
Foundation for Science, Research and Technology	Murray Bain	CEO	Sale of follow up services to grant recipients.	-	16,621
TOTAL YEAR-END ACCOUNTS RECEIVABLE FROM RELATED PARTIES				-	16,621

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 the Board members, their organisations nor with senior staff.

With the exception of council contributions of \$4,113,350 (2008: \$3,736,650) and no regional outlook funding for the year (2008: \$50,000) 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.

23 PROPERTY PLANT AND EQUIPMENT

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

30 June 2008	Cost or Deemed cost 01 July 2007	Current Year Depreciation	Accumulated Depreciation and Impairment Charges 30 June 2008	Carrying Amount 30 June 2008
Motor Vehicles	4,586	2,814	2,814	1,772
Equipment	18,095	2,820	2,820	15,275
Computer Hardware	14,710	8,475	8,475	6,235
Furniture	97,403	4,740	4,740	92,663
	134,794	18,849	18,849	115,945

30 June 2009	Cost or Deemed cost 01 July 2008	Current Year Amortisation	Accumulated Amortisation and Impairment Charges 30 June 2009	Carrying Amount 30 June 2009
Software	77,707	24,719	47,458	30,249
	77,707	24,719	47,458	30,249

24 INTANGIBLE ASSETS

30 June 2008	Cost or Deemed cost 01 July 2007	Current Year Amortisation	Accumulated Amortisation and Impairment Charges 30 June 2008	Carrying Amount 30 June 2008
Software	61,122	22,739	22,739	38,383
	61,122	22,739	22,739	38,383

Software is amortised using the straight-line method over the expected useful life.

To the readers of Grow Wellington Limited's financial statements and performance information for the year ended 30 June 2009

The Auditor-General is the auditor of Grow Wellington Limited (the company). The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company, for the year ended 30 June 2009.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the company on pages 39 to 54:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on pages 34 to 37 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2009.
- Based on our examination the company kept proper accounting records.

The audit was completed on 28 August 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors; confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.
- We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE AUDITOR

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2009. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the company.



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

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, 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 IGL Ltd and Mitsubishi Motors NZ Ltd and a Trustee of Sport Wellington Region.



BRENT ALBISTON

Brent Albiston is Chairman and Managing Director of Radiola Aerospace Ltd, 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 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 a Board Member and immediate Past President of the Wellington Regional Chamber of Commerce, is a Director of Cuthbert Stewart Limited, an electrical components distributor, and Moxie Design Group Limited, a communications design and sustainability practice. He is the inaugural Chairman of Virtual Expos New Zealand Limited, the national on-line Expo, and chairs the Advisory Board of Productspec Limited. 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 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. Originally from Vietnam, Tan obtained his engineering, finance and economics degrees from the Universities of Auckland, Victoria and Massey. He initiated the Natural Hazards Business Cluster and is a Trustee of the Multicultural Learning and Support Services, and a member of the Asian Studies Institute Council.



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 India Horizonz Limited. He also has his own consulting business and has recently been appointed by the Government as the Chief Crown negotiator for the Ngati Porou Treaty Settlement. Paul has provisional accreditation with the Institute of Directors.

ADDRESS

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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



CONNECT  INSPIRE *facilitate*



GrowWellington
Working for business success

www.growwellington.co.nz

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